EUROPE'S BUSINESS NEWSPAPER

Friday September 19 1986

D 8523 B

Reagan bows to his right, Page 7

World news

Aquino vows to tackle **Sperry** division rebels

Philippine President Corazon Aquino, in an emotional speech before a joint meeting of the US Congress, said that if she failed to negotiate peace with Communist guerrillas threatening her country she would not flinch from "taking up the sword of war."

The fifth woman to address a joint session of the Congress, she told the packed house: "I will not stand by and allow an insurgent leadership to spurn our offer of peace and kill our young soldiers, and threaten our new freedom."

Sri Lanka bomb

A car bomb exploded in Batticaloz, Sri Lanka, killing 12 civilians and injuring seven policemen. Tamil militants were suspected.

Refugee agreement East Germany agreed to stop allow-

ing Third World refugees free pas-sage through East Berlin into West Berlin and, hence, into the Federal

Broadcasting row

France's Conservative Government suffered another embarrassing re-buff from the Constitutional Councii, which deemed several parts of the Government's controversia broadcasting deregulation laws unconstitutional. Page 24

Lahore killing

Pakistami security forces opened fire on curlew violators attacking religious buildings, shooting dead one man as clashes continued be-South African poli

Expectations of early South African

general elections rose after the rui-ing National Party's convincing by-election victory in the Klip River of northern

US Chief Justice

4-1

US Senate confirmed President Reagan's appointment of Justice William Reimquist, a conservative, as the nation's 16th Chief Justice.

Court reprimand

The European Parliament was sharply reprimanded by the presi-dent of the European Court and ordered to freeze spending of advance election cash paid out to the major EEC political groups. Page 2

Raids reported

Lebanese security sources said Israeli aircraft strafed several villages in south Lebanon, setting buildings ablaze but causing no casualties. The Israeli military command denied it.

Call to Chile

The Council of Europe called on Chilean President Augusto Pinochet to end martial law, release opposition leaders and free detainees.

Gulf blaze

Fire-fighting tugs extinguished a biaze on a Kuwaiti supertanker in the northern Gulf and saved most of its \$25m cargo, regional shipping

Reindeer slaughter

Lapp hunters began the slaughter in southern Norway of reindeer contaminated by radiation from the Soviet nuclear power plant accident at Chernobyl in April. The Government will compensate 200 families who will lose a year's income.

Survival scheme

-

j.

Tuvalu Prime Minister Tomasi Pulised nations to set up a trust fund in Switzerland, Wozchod Handelsso that the interest accrued could pay the running costs of his tiny and impoverished South Pacific na- documents, leading to the bank's Soviet mission to the United Na- ment in March.

Correncies 43

Honeywell may buy

Business summary

No. 30,036

HONEYWELL, US computer manufacturer, scotched rumours of the break-up of the company by announcing cost-cutting measures and possible acquisition of Sperry's aerospace business from Burroughs.

WALL STREET: BY 3pm the Dow Jones industrial average was 5.20 lower at 1,764.20. Page 50

LONDON: Weaker sterling be ed international issues although in-terest worries resulted in a retreat from earlier highs. The FT-SE 100 index closed 3.8 higher at 1.614.2 and the FT Ordinary share index added 4.4 to 1.279.6. Page 50

TOKYO: Despite the decline or Wall Street prices rallied for the first time in five sessions. The Nik-kei average closed 141.73 higher at 17,478.35. Page 50

DOLLAR ended in New York at DM 19875, SFr 16085, FFr 6.5125, and Y153.55. It fell in London to DM 1.9900 (DM 2.0275); FFr 6.5200 (FFr 6.8450); SFr 1.6100 (SFr 1.6395), and Y153.60 (Y154.75). On Bank of England figures the dollar's exchange rate index fell from 110.2 to 109.1. Page 43

STERLING ended in New York at \$1.4755. It fell in London to \$1.4725 (\$1.4755); DM 2.9300 (DM 2.9325); FFr 9.8025 (FFr 9.8050); SFr 2.3700 (SFr 2.4200), and Y226.0 (Y288.50).

GOLD rose \$6.125 to \$419.75 on the London bullion market. It also rose in Zurich to \$418.375 from \$412.875. In New York the December Comex settlement was 5422.60. Page 42

MALAYSIAN Government admitted it was behind the tin buying op-eration on the London Metal Exchange in 1982 that ended in losses

UNION PACIFIC, large US railroad UNION PACIFIC, large US railroad and energy company which operates between Chicago, California and Texas, is taking over Overnite Transportation, a major east coast Transportation of the ma trucking operator, in an cash transaction worth \$1.2bn. Page 25

ELECTRICITY costs for some UK chemical and steel plants are to be reduced by up to 15 per cent to make them more competitive with other European plants. Page 19

SONY, Japanese consumer electronics manufacturer, reported net profits down 59.5 per cent at Y7.08bn (\$46.7m) and lowered its in-

come forecast for the year from Y62hn to Y46hn. Page 28 COCA-COLA, world's biggest soft drinks company which is selling its bottling and canning operations in South Africa, plans to sell some of its operations to black South Afri-

FIRST CTTY Financial, Canadian company with wide interests, raised its stake in Exco, the London financial services group, to 9.8 per cent.

can investors. Page 28

ICI of the UK confirmed the reorga-nisation of its four bulk chemical di-

group. Page 25

RIO TINTO ZINC, UK-based mining, energy and industrial group, announced a fall in half-year attributable profits from £118m (\$174m) to £83m, and revealed the acquisi-tion of ABM Chemicals from Dalgety for £30m. Page 34

Tuvalu Prime Minister Tomasi Pu-apua said he had asked industria-at the Soviet Union's former bank _ CONTENTS

Chirac warns of continued threat from Arab terrorist attacks BY DAVID HOUSEGO IN PARIS

but declared that those responsible by police since 1985. would not escape.

In a brief television message, he reasserted the Government's re-

solve not to yield to terrorist black-His broadcast came as confusion deepened over the identity of the ency reported that one of their jour-two terrorists responsible for the nalists had met Emile in his village bombing on Wednesday night of a in the Lebanon. The French authordied and more than 50 were in-

French police claimed vesterday the men who threw the bomb from a passing BMW car on the basis of

member of the same group wanted

Although the disclosures appeared to mark the first significant advance by police in their statement from the French Ministry of Defence said that a advance by police in their investigations since the current wave of violence began, doubts resurfaced last night. The French national newsag-Paris store in which five people ities suggested he still would have had time to fly back.

Reflecting the continuing vio-lence, Colonel Christian Goutierre, the French military attache in Beirut, was shot as he arrived for work a passing BMW car on the basis of at the French embassy in Beirut. ers were left in the derk.

The killing was seen to reflect the The decision by Mr Chirac to renamed as Emile Ibrahim Abdallah continuing pressure by Islamic ceive the parties' leaders — rather brother of Georges Abdallah, the extremists to force the French to than Mr Charles Pasque, the Minis-

MR JACQUES CHIRAC, the suspected leader of the Lebanese French Prime Minister; warned the country last night of a continuing threat from Arab-backed terrorism suspected leader of the Lebanese withdraw its 1,500 troops from the ter of Interior, as initially planned – also reflects a desire to achieve alliant in the Lebanou.

Indicative of the much tougher the ter of Interior, as initially planned – also reflects a desire to achieve alliant party support. withdraw its 1,500 troops from the ter of Interior, as initially planned – as a prime suspect this week. The fact that the assassination United Nations peacekeeping force also reflects a desire to achieve all-Indicative of the much tougher

> ishment will finally catch up with Today Mr Chirac will start to receive leaders of the main French political parties, including Mr Lionel Jospin of the Socialist party, Mr George Marchais, the Comm Secretary General, and Mr Jean-Marie Le Pen, leader of the extreme right National Front. Earlier in the day, Mr Jospin had said that political consensus would be diffi-

cult to maintain if opposition lead-

members of the Lebanese Armed Revolutionary Faction to Wednesday's killings is that it would seem to confirm that the latest terrorist attacks have been the work of a small group. Officials have been increasingly suggesting that a large number of groups were involved spread across a number of countries - thus implying that the authorities would have a long uphill

task in tracking them down. Police believed yesterday that Robert Abdallah - another of the brothers of the imprisoned terrorist leader - had escaped back to Lebanon after taking part in the bombing of a Paris supermarket cafete-ria last Friday. His picture has been posted on walls throughout France

arty support.

anon on Wednesday with Maurice, led to speculation that it was relatThe importance of linking two a fourth brother. There are seven ed to the Lebanese Armed Revolu-

lence, Mr Chirac let it be known in Unifil. yesterday that France was ready to Greece, Ireland and Malta, France has been one of the only Council of Europe members not to ratify the convention, signed in 1977.

claimed by a hitherto unknown group called the "Front for Vengeance and Liberty." A caller to an inance and Liberty." A caller to an international news agency said: "Let Chirac know our next coming blow

sons in the family of whom one is tionary Faction's campaign to get dead.

George Ibrahim Abdallah freed rather than the French contingent

He was the second French diporatify the European convention mat to be murdered since Mr Louis against terrorism. Along with Delamar, an Ambassador, was shot

Nora Boustany reports from Beirut: The killing of Col Goutierre was The killing of Col Goutierre was French policeman in charge of obkilled while on duty here.

Paris under siege, Page 4

\$ skids below DM 2 after Baker warns of need for further fall

BY GEORGE GRAHAM AND PHILIP STEPHENS IN LONDON

STERLING plunged to its lowest ever level yesterday as mounting antagonism between the US and West Germany over the course of monetary and economic policy pushed the D-Mark even higher on foreign exchange markets.

The pound's weakness drove interest rates higher in the London

money markets, but appeared not to have aroused any official re-sponse in defence of the currency. The dollar fell below DM 2.00 for the first time in more than five years after Mr James Baker, US Treasury Secretary, had reacted sharply to a rejection by West Germany of any need for it to cut its intérest rates.

estimated at hundreds of millions of dollars. Page 42

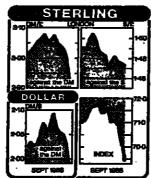
BANE OF ENGLAND has punished three British banks which defied its wishes by taking part in a \$200m (£136m) floating rate note for the Bank of China. Page 24

Experiments and sold dollars briskly, as they had the previous day when Mr Kart Otto Pühl, president of the West German Bundeshank of China. Page 24

German official interest rates. The dayles existed any intention to lower German official interest rates. The dollar skidded to DM 199 in Lon-

> volume subsided and the US cur-expressed dismay at the decision by rency gave up only a little more ground, closing at DM 1.9870.
>
> As in Europe, the trigger was the comments of Mr Baker and Mr Pohl, although the unchanged sec-

ond quarter GNP figure released yesterday played a part. The market had expected a small upward revision but weak growth keeps hope alive for lower interest rates ments will argue that the US must recognificate the US must rec



Traders were surprised at the peed the dollar fell through the DM 2 level and now expect it to fall the Bundesbank intervenes.

Mr Baker said that unless addi-

tional measures were taken to promote higher growth abroad, the dollar would have to fall further to reduce the current US trade deficit.

Mr Baker to talk down the value of the dollar in response to the refusal of Japan and West Germany to cut their interest rates The central bankers said the

recognise its responsibility to help

reduce current account imbalance in the world economy by cutting its budget deficit.

There is also concern that such remarks could provoke a free-fall in the dollar's value, a free-fall which would then be followed by rises in US interest rates. The central bankers pointed to the recent turbulence on the New York stock market as an indication of the fragile state of confidence in financial markets on the outlook for inflation.

There was no indication yester-day that the dollar's fall would prompt West Germany's Bundes bank to reverse its decision to hold interest rates steady.

Sterling, which dropped through the DM 3.00 barrier on Wednesday, was buffetted again yesterday by the D-Mark's climb against the dol-lar. Dealers at the leading London

Most of the fall was seen as linked to the dollar's decline against the D-Mark, but sterling out-stripped the US currency in the speed of its drop and ended more than % per cent lower at \$1.4725.

Officials were at pains to say that they were not indifferent to the pound's slide. Although earlier in the year they had expected the exchange rate to adjust downwards to lower oil prices, they noted yester-day that there had already been a iderable depreciation this year.

Money markets, Page 43

Italtel and **Plessey** join suitors for CGCT

By Alan Friedman in Milan vid Marsh in Paris

ITALTEL and Plessey have added their names to the companies which want to take over CGCT, France's second-largest maker of public switching telecommunica-

tions equipment.

The Italian and British groups have told Paris separately of their interest in the state-owned CGCT. They have also said that they would be ready to make a joint bid, if that were preferred by the French Gov-

The move is a significant step by the state-owned Italian maker of telecommunications equipment and the British electronics group to in-crease their presence in the Euro-pean telecommunications market. It follows a spate of major joint ven-tures by European and US compa-nies which are transforming the industry in Europe.

In Paris last night, government officials held out little hope that the Italiel-Plessey bid could succeed, describing the approach as "a little

Neither Italial nor Plessey was on the list of companies which Mr Alain Madelin, the French Industry Minister, chose to consult during the summer over possible purchasers for CGCT's public switching Up to now, candidates for taking

over CGCT's switching operations have been limited to West Germany's Siemens, Ericsson of Swed-Continued on Page 24

neywell reorganises, Page 24; IBM price cuts, Page 25

Elders to pay £1.4bn for **UK** brewer

BY CHARLES BATCHELOR IN LONDON

day set the stage for an assault on At Allied's share price of 333p yes-the European beer market when it terday morning, Elders would have agreed to pay Hanson Trust £1.4bn had to bid at least £2.3bn to gain (\$2bn) for Courage, Britain's sixth control.

last October. The bid became em- cided to sell the business. last October. The out became embroiled in a nine-month review by Britain's Monopolies and Mergers Commission aimed principally at investigating the way in which it was to be financed, and it was not until earlier this month that the Commission gave it clearance. The same of the commission gave had been expect. Australian group had been expect-ed to renew its bid for Allied, al-

beer market against Allied's 13 per cent share. Despite Elders' recent share link up with Broken Hill Proprietary that American Page 4. Courage has 9 per cent of the UK prietary, the Australian mining group, which boosted its capital backing, Allied would still have rep-

AUSTRALIA'S Elders IXL yester- resented a considerable mouthful.

largest brewer.

The acquisition marked an abrupt change of tack for the diversified industrial, financial and pastoral group, which had been pursuing Allied Lyons, the UK's second in the course of the bid, Allied Susiness. During the course of the bid, Allied Susiness. largest brewer, for a year.

The Courage deal gives Eiders best known for its Fosters lager best known for its Fosters lager
This deal was widely seen as a its first beer production capacity This deal was widely seen as a outside Australia and lifts it to move to make Allied too large for eighth place in the world brewing Elders to acquire although this was

league.

The deal also gives Hanson Trust a considerable cash boost which it intends to use to make further acquisitions, probably in the US.

Elders established a new record for UK takeover offers when it lamnched its £1.8bn bid for Allied lest October. The bid became emissions denied by Allied.

Lord Hanson, chairman of Hanson Trust, said that when the company first acquired Imperial Group in April this year, it had no intention of disposing of Courage. But there had been such intense interest at prices so attractive that it decided to sell the business.

form of three-year convertible

though in recent weeks rumours • Anheuser-Busch, largest US bad grown that Elders might switch its attention to Courage.

Courage has a court of the UK

Editorial comment, Page 22; Men and matters, Page 22; Test for German beer law, Page 24

Moscow puts onus on US

MR Eduard Shevardnadze, the Sonadze, asked about the US action, Foreign Ministry spokesman, deviet Foreign Minister, tried yesters add: "This is an illegal decision and day to shift the responsibility for a since it is illegal it is a bad decipossible breakdown in negotiations sion." He added: "I could of course nesday as an attempt to sabotage

expectation that the two officials might be able to make progress to-wards laying the foundations for a second summit meeting, possibly that it would retaliate for the expul-

GOLD: Werner Peterhans, former head of gold and currency dealing at the Soviet Union's former bank in Switzerland, Wozchod Handels bank, pleaded gulty to charges he violated banking law and falsified expuision of 25 diplomats from the level demanded by the US Government.

FRENCH Government is preparing to raise FFr 40n (\$002m) by selling part of its majority stake in Elf Aquitaine, the country's higgest oil group. Page 25

even setting a date.

But as Soviet-US tension mount

sion of 25 of its diplomats from the
UN in New York but will not spell sion of 25 of its diplomats from the ed following the arrest in Moscow out its counter-measures until after of Mr Nicholas Daniloff, the US Mr Shevardnadze and Mr Shultz

the talks between Mr Shevard-nadze and Mr Shultz. Mr Pyadyshev took some of the

heat out of the question of the size of the Soviet delegation at the UN, many of whom the US has claimed will be discussed and "it can be reare engaged in espionage, by saying that it had already been reduced to the level demanded by Washington. In March the US said the number of the main Soviet delegation must be cut from 243 to 218 by October 1.

The Soviet spokesman attacked the expulsion of the 25 diplomats, saying this cut was in addition to voluntary cuts already made. The Soviet Union also has some 33 diplomats at the UN representing the Soviet republics of Ukraine and

tions in New York. Mr Shevard- Mr Boris Pyadyshev, the Soviet Reagan hows to his right, Page ?

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Craxi hopes

THE ITALIAN Government's hopes of a relatively trouble-free ride for its budget proposals have suffered a severe

setback in the Parliament.

In a secret vote on the

in a secret voic on the Government's general budget strategy, enough so-called "snipers" from the calition parties voted against the proposal to limit it to the narrowest of victories.

At the same time, a poten-tial new threat to the Govern-ment's glender cohesion emerged yesterday in the shape of the emerging deal which will see the Ford Motor Company taking an eventual 51 per cent stake in Alfa Rames.

The six vote majority for

the budget statement is a serious threat to the Govern-

serious tareat to the covera-ment because it was under just such a cloack of anony-mity that parliaments; insi-defeated a novernment pro-posal in July and sparked the resignation of Prime Minister Bettino Craxi and his Govera-

for budget

run into

trouble

E. Germany to halt flow of refugees to West

2

By Lexie Colitt in Berlin and

EAST GERMANY yesterday agreed to halt the flood of Third World asylum seekers entering West Berlin from East Berlin, which had provoked bitter re-sentment in West Germany. An East German Foreign Ministry statement said that, from October 1, East Berlin would only allow refugees transit passage through East Germany to the West if they had a western visa in their passports. More than 1,000 Third World asylum-seekers a week, arrived at East Berlin's airport this year on Soviet and East German airlines. Most were taken by bus directly to trains leaving for West Berlin, a situation the Bonn Government called "intolerable." West German officials insisted most of them were "economic refugees," and not political ones.

The refugees who entered via An East German Foreign

The refugees who entered via East Berlin made up most of the nearly 60,000 who applied for asylum in West Germany in the first eight months of the year under the country's liberal refugee laws.

The East German statement confirmed claims made earlier by West Germany's opposition Social Democratic (SPD) party, that it had secured East Berlin's

Mr Johannes Rau, the SPD's candidate to challenge Chancellor Helmut Kohl in next January's general election, triggered pre-election political tempers in Bonn by announcing that Mr Egon Bahr, a senior SPD politician, acting on his behalf, had been negotiating an agreement on asylum seekers with East Berlin.

In Bonn, the Government

In Bonn, the Government responded quickly to Mr Rau's responded quickly to Mr Rau's statement, pouring scorn upon it and claiming that credit for the East German decision lay with Mr Wolfgang Schäuble, a minister in the Chancellor's office. He held talks on the asylum issue with the East German leader, Mr Erich Honecker, on August 29, it was confirmed yesterday.

Mr Bahr, however, said in an interview that he was told of the East Germany's decision on Wednesday by Mr Hermann Axen, a senior Polithuro member with whom he had talks throughout the snumer on the refugee issue. The SDP official said "we resulted the said "we resolved the problem and it is in everyone's interest."

David Marsh reports from Paris on the body which co-ordinates OECD co-operation in nuclear power

Nuclear agency reassesses its role after Chernobyl

industrialised countries are in Paris to try to come up with a new role for the Organisation for Economic Co-operation and Development's Nuclear Energy Agency (NEA) in the wake of the Chernobyl nuclear disaster, The NEA's steering commit-tee, which finishes two days of deliberations today, brings together top representatives from the agency's 23 member states (all the full OECD members apart from New Zealand.

The two-day meeting, is the first of the steering committee since the Soviet disaster. It provides an initial opportunity for the agency to try to plug some serious loopholes in international nuclear co-operation glaringly exposed by the confusion and contradictions in the industrialised world's reaction to the accident in April.

The steering committee is considering proposals for Western countries to barmonise widely differing emergency radiation protection procedures, and also to improve general public information over nuclear

The NEA is examining redrafts of international regula-tions on third-party liability of

nuclear plants, shown to be grossly inadequate after Cher-nobyl. It also hopes to improve the present flawed system for reporting to other member countries incidents at more than 280 N-plants in the OECD area, which account for about 80 per cent of the world's nuclear energy production. The reassessment of the

NEA's role comes as me NEA'S rote comes as memory governments are voicing disappointment at the way the agency has functioned so far in the field of western collaboration in nuclear power, though there is no firm consensus over which way the NEA should go in the firms.

The NEA was set up in 1958, in the heady aftermath of President Eisenhower's Atoms for Peace drive when the room for overall expansion of nuclear But it has arguably failed to

adapt its role to the consider-ably harsher circumstances faced by the nuclear industry in the 1980s. NEA officials admit that the Chernobyl accident brought to the surface severe shortcomings. Mr Pierre Strohl, the veteran French civil servant who has

reaction in France, where the radiation protection authorities did not tell the population that a radioactive cloud had passed over the country until a fortnight after the accident. But Mr. Strohl says that individual countries' health and safety authorities are also "somewhat ashamed" at the obvious lack of any common international line over safety precautions after the mishap. On this point, "the nuclear community has failed," Mr.

emergency." Chernody, ne says, represented the first case when a reactor fault causes an international impact: "They (the authorities) could and should have done better." The sense of disappointment byl was due to varying political perceptions of nuclear power. At the most extreme, this was underlined by the panic measures to protect people from radiation in West Ger-

It has arguably failed to adapt its role to the harsh circumstances faced by the nuclear industry in the 1980s

was brought vividly into the open by an OECD ambassador at a meeting of the OECD council shortly after Chernobyl. He complained that half his dinner guests a few nights previously reaction in France, where the guests a new inguts previously refused to eat the salad course, while the other half maintained that the lettuce presented no danger. "What is the purpose of having a Nuclear Energy Agency if one cannot know whether or not to eat salad?"

been with the NEA since its Strohl says. "After 25 years of headline-catching rule of its inception and is now its deputy director general, says part of fact is that there is not enough the divergences in different harmonisation in a situation of Energy Agency in Vienna. The countries' reactions to Chernobyl was due to varying political perceptions of nuclear power.

At the most extreme, this was underlined by the panic (the authorities) could and with the specific task of political perceptions of nuclear power.

At the most extreme, this was underlined by the panic (the authorities) could and with the specific task of political perceptions of nuclear power.

wind non-proliferation safe-guards, has acted as the focal point for coordinating govern-ments' responses to Chernobyl. The NEA - traditionally a to NEA — HAGEORALY & forum for experts from the industrialised countries to collate, compare and discuss largely technical information on matters like reactor safety and radioactive waste disposal

—has always fought shy of en-tering the political arena. But in the aftermath of Chernobyl, the official says, pressures for the NEA to cross the demarcation line between technicalities and politics may

Mr Strohl admits, however, that the NEA view that Chermo-byl has not significantly added to health risks in the West has failed to get across to the public. It is airrady less to failed to get across to the public. He also lays at least part of the NEA (refie the blame for "irrational" responses to Chernobyl not with member gover the public but with the nuclear making in 1975.

of people are not nuclear physicists . The experts themselves (on radiation protection) are not capable of solving this problem of public informattin."

As well as calling on "com munications experts to help governments running nuclear programmes get their message across, Mr Strohl is also pro-posing that the NEA publishes a full account of the overall health and radiation conse-

health and radiation consequences in western countries of the Chernobyl disaster.

Public disquiet over atomic power has already been one of the main factors—along with the economic slowdown and greater efficiency in energy saving — dampening con siderably forecasts for nuclea capacity in coming years.
The NEA's latest published forecast of 365 Gigawatts of capacity in the OECD area by

capacity in the OECD area by
the year 2000 will have to be
revised down further after
Chernobyl. But the prediction
is already less than one-fifth of
the wildly optimistic projections
the NEA (reflecting the convention wisdom at the time of
member governments) was

Meanwhile, the coalition meanwrite, the control politicking over the prospect Ford-Alfa deal has been triggered by Fiat's intervention on Wednesday when it said that it would soon present its own "proposals" for Alfa. This was followed by a meeting between Wr. Crayl and Wr. ing between Mr Craxi and Mr Gianni Agnelli, the Fiat chairNo.

Earlier, Mr Valerio Zano the Industry Minister and a Turin MP, "invited" fresh proposals from "domestic" car companies as news of the imminent Ford-Alfa deal was

Austria budget deficit higher than expected AUSTRIA'S budget deficit is AUSTRIA'S ounger dener is expected to exceed previous forecasts and reach more than 5 per cent of gross domestic product (GDP) this year and next, Mr Ferdinand Lacina, the Finance Minister, said yesterday, Patrick Blum writes from Vienna.

The net deficit for this year is expected to be at least

The net deficit for this year is expected to be at least Sch 72hn (£3.4bn), compared with Sch 65.6bn, representing 4.5 per cent of GDP originally forecast when the budget was drawn up last autumn.

Euro-Parliament rapped over payments to parties

BY QUENTIN PEEL IN BRUSSELS

THE EUROPEAN Parliament tian was yesterday sharply repri-manded by the president of the manaed by the president of the European Court, and order to freeze the spending of advance election cash paid out to leading EEC political groups.

The money totalling Ecu 3.5m (£2,4m) and earmarked for election information campaigns in Spain and Portugal, has already been paid out, appa-rently in defiance of a request from the Court to know what was happening to it. Now the Parliament has been given just six days to say what measures it has taken to stop

The president of the Court issued his emergency order at the request of the extreme right-wing Group of the European Right, led by Mr Jean-Marie Le Pen of the French National Front National Front.

It is the second time in less than six mosths that the poli-tical groups in the European Parliament, dominated by Chris-

tian Democrats, Socialists, British, Danish and Spanish Conservatives, Liberals and Communists, have been in trouble with the Court over using public funds for election spending.

The latest case has yet o be heard, but the Le Pen group claims that the money fur an "information campaign" (the "information campaign" (the Court itself uses inverted commas) for direct elections for Spanish and Portuguese MEPs was unfairly distributed. The big parties in the Parliament decided the largest amounts would go to those groups with the largest number of members from the two new FFC members. from the two new EEC member states—which meant them

Of the Ecu 3.5m, the Socialist group has been allocated Ecu 1.66m, the European Democratic Group (dominated by British Conservatives) Ecu 533,000 and the Liberals Ecu 437,600s. The Group of the European Right than six months that the poli-

Sweden cuts key interest rate to 7½%

THE SWEDISH Central Bank yesterday cut the discount rate to 7.5 per cent from 8 per cent, its lowest level since the The cautious reduction, the

The cautious reduction, the fourth this year, had been made possible by "the positive development of the current account and private capital flows," said Mr Bengst Dennis, governor of the Riksbank. The discount cut was an-nounced as leaders for the country's 1.5m public sector country's last public sector employees were meeting to consider their response today to a final wage offer from state-appointed mediators. The public sector wage nego-tiations have been dragging on since the late spring. If the latest offer of increases of some

10.5 per cent over the two years 1986/87 ar rejected, there is a strong possibility of a resumption. of —last spring's strike action, particularly in the health service, first big East-West security agreement since the Salt 2 accord in 1979.

Stockholm compromise in sight

THE STOCKHOLM conference on confidence building measures aimed at reducing the risks of war in Europe by miscalcula-tion, was last night laboriously moving towards a final compromise following signals from the US that it was prepared to modify its position on aerial

The formal deadline for the end of the conference is today, but because of the many details which still remain to be water still remain to be resolved, the participants would be ready to go on talking for one or two more days if that should prove necessary and there was real hope for a successful conclusion.

Significantly the latest strains Significantly, the latest strains in US-Soviet relations resulting from the expulsion of 25 mem-

Nations mission, has not appeared to affect the desire of both the Nato and Warsaw Pact

If they do, it would be the

through officials in Washington, that it will no longer insist on aircraft from neutral countries being used to observe military manoeuvres on the ground, a proposal which the Soviet Union has categorically rejected.

Though the plan for the use

of neutral aircraft was a joint Nate position, the US's allies have made it clear to Washing-ton that they do not want the conference to fail over this The West European countries

The West European countries consider that the Soviet Union made a significant concession last August when it accepted, for the first time, that Warsaw Pact military activities as far east as the Urals could be inspected from the air by Nato observers. That concession is too important to be consumdared

The US has intimated, the Soviet Union a veto over through officials in Washington, any proposal to use a Western or neutral observer aircraft to directaft from neutral countries fly over its territory. Plainly, the Nato countries

riamy, the Nato countries will want to obtain a guid pro guo for their concession on aerial inspection on the contentious issue of the numerical threshold at which military activities must be notified to the other side. As the conference entered its

final stages the two sides were

final stages the two sides were still some way apart, with Nato demanding that all military activities involving more than 9,000 troops should be notified to the other side, while the Warsaw Pact countries want the threshold to be set at 16,000, if not higher. However, on this subject too,

observers. That concession is too important to be squandered, they feel.

The latest Nato concession has been wrapped up in a complicated formula which stipulates that the nationality of the inspecting aircraft should be the subject of agreement between Nato and the Warsaw Pact. That clearly would give However, on this subject too, the prospects for a compromise appear to be reasonably good, thanks to a Polish proposal would be set for the notification of manoeuvres — say at 11,000 troops — and a higher threshold for those which the other side demand to observe. the prospects for a compromise appear to be reasonably good, thanks to a Polish proposal under which a lower threshold would be set for the notification of manoeuvres — say at 11,000

Brown Boveri build on long-established foundations, supplying electrical equipment and control systems for all the cement works

From the beginning

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Israel approves **Arab-owned** bank in Nablus

BY ANDREW WHITLEY IN SERUSALEM

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AN ARABowned bank is to open in the Israeli-occupied West Bank region in the coming weeks. It will provide a full range of financial services to the local Palestinian population for the first time since the 1967 Middle East War.

Mr Shmuel Goren, the senior Israeli official responsible for the occupied territories, announced on Wednesday that the Civil Administration had licensed the opening in Nablus of a branch of the Jordanhan Bank, headed by Mr Jaudat Sha'sha, a Palestinian businessman.

The bank will operate in both Jordanian dinars—still widely used in the West Bank—and Israeli shekels, and will be subject to dual regulatory authority from the Jordanian and Israeli central bank authorities.

But Mr Goren made clear that, for security reasons, uitimate control will lie in the hands of the Israeli military-run Civil Administration. Winch will keep a close check to make

Civil Administration, which will keep a close check to make sure that funds are not channelled to "hostile organisations."

Agreement on setting up the

one of the old banks.

Agreement was finally reached with Amman a short time ago. After 19 years the old management of the Nablus branch of the Cairo-Amman Bank — a small institution in bank removes a long-standing which the Egyptian Government obstacle to economic development in the occupied territories, where businessmen have making final preparations for long complained about lack of a grand re-opening.

Ivory Coast link is boost for diplomacy in Africa

BY PETER BLACKBURN IN ABIDJAN

THE RE-OPENING by Ivory Coast this week of an embassy in Jerusalem is being seen in eastern Africa as a further success for Israeli diplomacy and has raised expectations that the example could be followed by other moderate black African countries.

black African countries.

President Houphouet Bolgny,
who has ruled Ivory Coast since
independence from France in
1960, wields considerable influence, especially in Africa's
French-speaking countries. So
far three other states—Zaire,
Liberia and Cameron, have, Liberia and Cameroon—have restored ties with Israel which were broken off after the 1973, Middle East war.

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Two Israeli diplomats have arrived in Poland to manage their visa office for the first time since Warsaw broke off diplomatic relations in 1967, diplomate said, Reuter reports. Their arrival follows an agreement on renewing limited diplomatic ties reached between Israel and

Ivory Coast resumed links

Ivory Coast resumed links last December and Cameroon in August. Togo and the Central African Republic could be next, according to observers in Abidjan.

Ivorian officials said that the decision to reopen the embassy im Jerusalem rather than Tell Aviv where most foreign embassies are located was not a "provocative" act towards the Arabs.

Ivory Coast was merely reoccupying the building where its embassy had been before 1973, they added.

Ivory Coast was the last black African country to cut ties with

African country to cut ties with Israel in 1973, but continued to maintain close commercial



Egypt sets hopes on talks with IMF

By Tony Walker in Cairo

MR ALI NEGM, Governor o MR ALI NEGM, Governor or Egypt's Central Bank, expects serious negotiations will begin next month with the Inter-national Monetary Fund on credit facilities to help over-come his country's balance of payments difficulties.

Mr Negm said in an interview that an arrangement with the IMF would be only one of several steps needed to reach an accommodation with Egypt's

creditors. An IMF team would return to Egypt in October for detailed discussions on balance of payments support, he stated. Egypt has been seeking some \$1bn (£675m) from the DAF.

The IMF, in its latest study on the Egyptian economy, reported that Egypt's foreign debt had reached \$38.5bn. The Fund also noted a worrying build-up of arrears on Egypt's debt service represents debt service payments.

Mr Negm said discussions earlier this month with an IMF delegation, led by the Fund's regional Director, Dr Shakhur Shaalam, had proved satisfac-

The IMF, he added, had expressed approval of recent economic reforms, including steps taken to reduce imports and restrain the domestic budget deficit. Other points made by Mr Negm included: • An inter-bank exchange market is planned in Cairo to

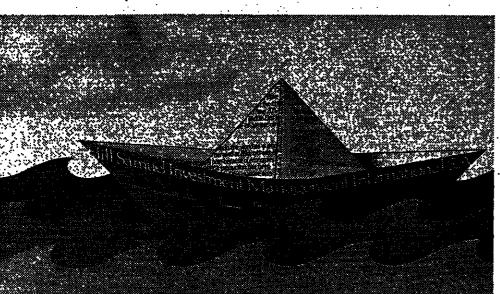
streamline currency dealings and improve access to hard

Kuwait central bank governor resigns

links.

A joint venture in which Solel-Boneh of Israel is a partner built the new Roman Catholic cathedral in Abidjan.

Unlike other African countries, Ivory Coast receives virtually no Arab aid. When Arab funds were proposed for a major hydroelectric power acheme, the offer was rejected solventially no successor was scheme, the offer was rejected solventially no acheme.



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PROSPECTS GROW FOR EARLY GENERAL ELECTIONS

Botha's party defeats far right

EXPECTATIONS of early South African general elections rose

Jacko Maree, won a majority of 3,033 on a 58 per cent poll

SOUTH AFRICA'S black African general elections rose sharply yesterday following the ruling National Party's convincing by-election victory in the Klip River constituency in Northern Natal.

In a straight fight with the extreme right-wing Herstigte Nasionale Party (HNP), the National Party candidate, Mr Jacko Maree, won a majority of ing houses today at which the union is also expected to make a strong bid to gain entry for its own safety 3,033 on a 58 per cent poll turnout.

A jubilant President P. W.
Botha congratulated the victor and said the election was "a sign that South Africa is uniting."

entry for its own safety stewards on mines. Anthony Robinson writes from Johannesburg that a full-scale venue for an election announcement will be the Cape provinguiting."

judicial inquiry into this week's disaster at the Kinross week's disaster at the Kinross gold mine has been announced by Mr Danie Steyn, the Minister for Minerals and Energy Affairs, and mine safety has now become a top priority for both unions and the chamber. The official death toll at Kinross remained at 177 yesterday but Geneer the owner supergread.

Botha congratulated the victor and said the election was "a sign that South Africa is uniting."

Tonight, President Botha is due to address the opening session of the National Party's Transvaal provincial congress in Pretoria where he is expected to allude once again to the possibility of early general elections.

Political analysts here believe however, that the most likely "venue for an election announce-on a platform of adherance to ment will be the Cape provinted the Lage provinted announce-on a platform of adherance to the hard line apartheid policies of the Verwoerd era, and received strong support from the Conservative Party and the party's decision to put its constants believe to allude once again to the possibility of early general elections.

Tolitical analysts here believe however, that the most likely "venue for an election announce-on a platform of adherance to the hard line apartheid policies of the Verwoerd era, and received strong support from the Conservative Party and the party's decision to put its constants believe to railed once again to the possibility of early general elections.

The Klip River result appears to venue for an election announce-on a platform of adherance to the hard line apartheid policies of the Verwoerd era, and received strong support from the Conservative Party and the party's decision to put its constants are party's decision to put its constants are

Gencor, the owner, announced that only one person was still

The emotional campaign waged by the right with its heavy racial undertones appears to have led many Progressive Federal Party (PFP) voters to support Mr Maree who, in NP terms, is a verligte or liberal nationalist.

Elections normally take place every five years but the Govern-ment used introduction of the new tri-cameral parliament in September 1984 to prolong the electoral period for a further five years up to 1989, thus by-passing 1986 as an electoral

But this has been used by the white right-wing opposition to accuse the Government of ruling without a mandate.

This charge has stung President Botha who now believes that an early election will not only return the NP to power with a large majority, but also give a mandate for cautious reform

UK offers India extradition treaty

recently to the US.

The aim would be to enable
India to extradite extremist
Sikhs living in the UK so that
they could stand trial in India.
In the Indian Government's

20 to 40 who have only lived in

BRITAIN yesterday made a significant attempt to improve its seriously deteriorating relations with India when it offered to negotiate a bilateral extradition treaty next month.

The treaty would be based on terms it has only agreed in the past with European countries, and exceeding those offered recently to the US.

The aim would be to enable seriously deteriorating to the Ministry of External Affairs in New Delhi. Senior Indian diplomats recently to the US.

The aim would be to enable seriously deteriorating to the Ministry of External Affairs in New Delhi. Senior Indian diplomats over sanctions against South Africa and the proposed important of British visa restrictions on visitors from India and other countries.

Sir Geoffrey Howe, Foreign of the draft treaty delivered problem.

The situation has been weakly because of the British stand include ideas either offered earlier by the UK or requested by India.

It would make any alleged offered countries.

Sir Geoffrey Howe, Foreign received the subject planned for next month.

The draft treaty delivered problem.

The situation has been weakly because of the British stand once arily next month.

The situation has been of a multilateral UK Commonwealth arrangement and would help, and a ministry spokesman said, last night that India over sanctions against South Africa and the proposed important offered countries.

Sir Geoffrey Howe, Foreign remains the proposed in problem.

The situation has been weath of a multilateral UK Commonwealth arrangement and would help, and a ministry spokesman of the British stand over sanctions against South Africa and the proposed important offered earlier by the UK or requested by India.

It would make any alleged offered to serve the standard offered earlier by the UK or requested by India.

Significant attempt to improve the done in London on the Sikh problem.

The draft treaty delivered problem.

The draft treaty delivered

Sir Geoffrey Howe, Foreign Secretary, argued strongly against the need for a bilateral extradition treaty when he visited New Delhi five months

vice versa), provided the penalty was at least 12-months imprisonment in either country.

was at least 12-months imprisonment in either country. The terminal's T jetty was hit hard, they said, but one berth is support provided for Sikh extremists in the troubled northern state of the Punjab.

Rut the Indian Government successed that the just the Indian Government only gave the initiative a the Ministry of External Affairs

The terminal's T jetty was hit treaty when he extradition treaty when he issue matters so much that the issue matters so much that it should be able to escape extradition by pleading they were pursuing a political rather than a criminal motive. But they would still export around 1m-1.2m be able to plead that they would still export around 1m-1.2m be able to plead that they would not face a fair trial once extra-dition.

Furt the Indian Government in either country.

People affected would not be still operating which can political rather than a criminal motive. But they would not face a fair trial once extra-dition treaty when he ago. But he has been persuaded that the issue matters so much list that it should be able to plead that they would still export around 1m-1.2m be able to plead that they would not face a fair trial once extra-dition treaty when he extreminal's T jetty was hit the troubled that the issue matters so much list that it should be able to plead that they would still export around 1m-1.2m be able to plead that they would not face a fair trial once extra-dition treaty when he extreminal's T jetty was hit the troubled that they would still export around 1m-1.2m be able to escape extradition by pleading they were pursuing a political rather than a criminal motive. But they would not face a fair trial once extra-dition treaty when he are tradition treaty when he are treating house officials said. Reuter reports.

The terminal's T jetty was hit they would still export around 1m-1.2m be able to escape extradition to extra the the troubled that the journal fair the treaty when he are treating house officials and the treaty when he are treating house officials said. Reut

Japan in Y3,600bn bid to boost growth

By Ian Rodger in Tokyo

THE Japanese Government will announce a Y3,600hn (£11.5hn) spending package today aimed at reversing the deflationary effect of the yen's appreciation and boosting domestic demand.

Mr Yasuhiro Nakasone, the Prime Minister, said in the Diet (Parliament) yesterday that the Government would do everything possible to realise its goal of achieving 4 per cent economic growth in this fiscal year. But there is widespread scepticism among economists that a package of this size will

that a package of this size will be enough.

The economy grew at an annual rate of 3.6 per cent in the April-June quarter and the Government's own economic planning agency has said the economy has stagnated.

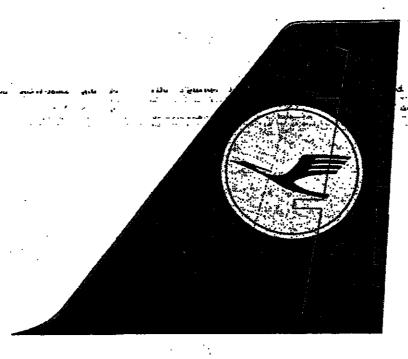
Most of the spending package, about Y3.000bn, has been earmarked for public works projects. The Government's own projects will take about half that amount, with most of the remainder going to local government programmes.

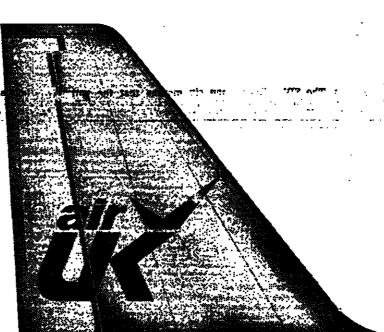
Some Y116bn will be allocated to subsidise mixed government-private sector pro-

government-private sector pro-jects. Last year's supplementary budget amounted to Y3,100bn.

Loadings at Kharg Island 'continue'

Crude oil loadings at Iran's Kharg Island export terminal are continuing despite Iraqi air strikes, Japanese trading house officials said. Reuter reports.





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Parisians

grit teeth

and defy

bombers

THE TATI clothing store in Montpernasse on the Parisian left bank was open for

business as usual yesterday.

But the sears of Wednesday evening's terrerist bombing

evening's terrerist noming were still only too visible, despite the efforts of the fire brigade to clean up the debris, the blood and the odd pieces of clothing and shoes which had been scattered all

ever the payment on the Rue

Although workmen were still repairing the front win-dows of the popular shop, a few customers and visitors reviews to see the damage

curious to see the damage went into the store. Two

First ray of light after the terror

THE CLAIMS by French police yesterday to know the identity of the terrorists who planted Wednesday's bomb in the cen-tral Montparnasse district of Paris brings the first ray of light to the capital after two

While uncertainty remained about the authors of the attacks and their motives, the Govern-ment had found itself in a humiliating position of power-

If the crisis has passed, Mr Chirac can take some consola-tion that by handling it per-sonally he has reinforced his political authority and eclipsed President Francois Mitterrand.

France questions links with Middle East

THE LEBANESE embassy in

THE LEBANESE emossy in Paris fiew its flag at half mast yesterday to show its distress and solidarity with the French Government after the killing in Beirut of the French military attache Colonel

David Housego reports on the political effects of the bombing

way by such means. Politicians way by such means. Politicians opposition to asking the military to do police work, a from exploiting the situation, and Mr Michel Rocard, one of memories in France.

Nine people have been killed and more than 200 injured so far this year. Nerves have been increasingly strained by walling police sirene and growing security checks outside public buildings.

Way by such means. Politicians opposition to asking the military to do police work, a move which stirs umpleasant memories in France.

Mr Chirac might have faced in such in suc

But it was also clear that the longer the violence continued, the more difficult it would be to silence disquiet. Mr Lionel Jospin, the First Secretary of the Socialist Party, said yesterthe Socialist Party, said yesterday that maintaining a consensus would at least depend
on keeping the Opposition informed about police inquiries
and the Government's interpretation. He said that up to then
the Opposition had had to
depend on the Press for its
information—a gap the Government promised yesterday to
fill.

terroritors
terroritor

international terrorism move

which were foreign to the

Lebanon.
The statement eloquently re-

ments manipulated for reaso

Government after the killing in Beirut of the French military attache Colonel Christian Goutierre.

The assassination of the diplomat has coincided with the latest series of terrorist bombs in Paris and a series of attacks in southern Lebanon against the French contingent in the United Nations peacekeeping force.

The statement eloquently reflected the close ties between and Lebanon and the strong Francophone cultural tradition in parts of the Middle East. Recent events have now, however, raised future of France's relationship with Middle East countries, which has often been highly ambiguous.

He has already voiced his opposition to asking the mili-

memories in France.

Mr Chirac might have faced a couple of hard decisions in practice. The first is whether or not to try to eliminate suspected terrorists before they reach a court of law, as some in the secret services are believed to have been urging. The second is whether or not to take reprisals outside French terroritory against any state suspected of supporting the terrorists.

Mr Chirac's replies on radio last week that terrorists would be followed where ever they were and his confident assertion that those arrested "will talk" implied that he took a relaxed view of crossing the moral frontiers.

Lebanese leaves

FRANCE yesterday expelled a second Lebanese man following the wave of bomb attacks that

the wave of bomb attacks that have hit Pirs, Reuter reports from Lyon. Court officials said Adel Bouassi, 32, was seized by police on Saturday for "active support of violent groups." He was returned to Lebanov yesterday. On Tuesday, another Lebanese, 20-yead-old student Walid Charara, was also ex-

Lebanese, 20-yead-old student Walid Charara, was also ex-pelled.

But the position is more com-But the position is more com-fortable for Mr Chirac than for Mr Mitterrand, who has been presented as almost acquiscing in the Prime Minister's deci-sions: For Mr Mitterrand, this is an intolerable invasion of his responsibilities in foreign affairs and defence.

Before the recent resurgence of terrorism there were strong reports that Mr Mitterrand planned to develop a distance from the Prime Minister by making clear his reservations over the Government's policies. The pian was certainly shelved once the violence began, but Mr Mitterrand still has a problem of differentiating from the Covernment in a way that could Government in a way that could Questions of conscience on the

depend on the Press for its information—a gap the Government to walk. The risk remains that the country's unity and institutions would be sorely tried by a long battle with the terrorists.

The immediate reaction to the violence has been revulsion and a growing mood of determination that the terrorists should not get their

Trance and had to that the area and his confident assertion that those arrested "will talk" implied that he took a relaxed implied that he took a relaxed would handle a continuing terrorist crisis are matched by ressure from the right on Mr chirac of the French right that those arrested "will talk" implied that he took a relaxed the potential strains that the country's unity and institutions would be sorely tried by a long battle with the farm promised yesterday to ment promised yesterday of these issues from Nice that proposed cutting the moral from readers, including one it from readers, whose release is being sought, every time a French bar person is killed in the violence. Arrench with the took a relaxed took a relaxed the took a relaxed the took a relaxed the took a relaxed took a relaxed took a rela

largest contingent in the UN peacekeeping force. After the pull-out of the Americans from Lebanon, France has felt com-

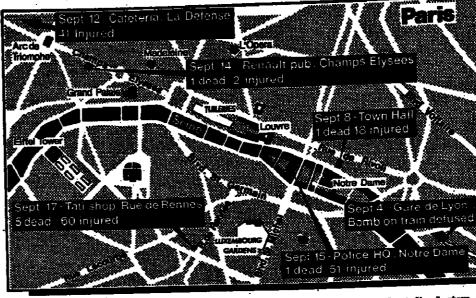
mitted to stay on despite attacks against its soldiers which have resumed again in

which have resumed again in the past few weeks.

Mr Chirac, who has inevit-ably come under renewed pres-sure to consider pulling out the French troops, has so far in-sisted that they will stay.

The question of whether or

The question of whether or not the attacks against French citizens and soldiers in Lebanon and the terrorists wave in Paris are related is clearly one of the key issues the French Govern-ment is now attempting to un-rayel.



the March election, but this probably underestimates the strength of their following on issues like terrorism and

The resurgence of terrorism has been particularly difficult to cope with for France's Arab immigrants, who fear that public anger at terrorism will be directed against them as well.

Lawyers this week have been the Lawyers this week have been battling with police over the arrest and possible expulsion of immigrants against whom there is dubious proof, and SOS

Section States

Col Gouttierre . . . shet

France, which has always tried to maintain strong diplomatic, cultural and commercial links with Arab countries, should now find itself in the froz-line of Middle Eastern-inspired terro-

Gelignite

Swedish

THE ARMS CACHE uncovered

are not marked in Swedish.

Defence staff say it is unlikely that the explosives were
stolen from Swedish troops
working for the United Nations
in Cyprus and Lebanon. Fourteen kg of explosives were
stolen from Swedish military
depots last year, while in 1984,
56 kg went missing from a
depot in Norrland, and another
28 kg from the Norrkoeping
stea.

Italy withdraws

extradition plan

magistrates had applied for the extradition of Mr George Ibrahim Abdallah, the reputed leader of the Lebanese Armed

Revolutionary Faction, to ques-

tion him about the 1984 assasi-nation in Rome of Mr Leamon Hunt, the American head of

the Sinai peacekeeping force.
Mr Craxi said yesterday in a

statement that extradition requests for people linked to the bombings could seem, at this time, as a "solicitation for

an act of cowardice that France

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would never commit."

the mov racial discrimination, warned this week of the dangers of confusing the Moslem community in France with "blooddoubts however that life for the more than 2m North Africans in France is going to be more difficult.

France has not faced an equivalent terrorist challenge since the Algerian war. Even then the conflict was different because it was bound up with independence issues and civil war. French hopes that this one

will be short lived stem from the belief that the terrorists are Middle Easterners who have no roots in the country, and so are

easier to detect.

Should the terrorists be tracked down earlier than had seemed possible even yesterday morning, there will certainly be a review of France's policy of making concessions to them.

Both former President Valery Giacard d'Estainu and Mr Miton. Giscard d'Estaing and Mr Mite rand have in the past let terrorists go free in the hope-now seen as mistaken—of buy-ing peace for France.

Attacks by secret force could lead to Unifil pull-out

BY NORA BOUSTANY IN BEIRUT

THE PUZZING stracks against the French contingent of the United Nations interim force in Lebanon have necessitated a re-deployment which it is feared. could lead to a thinning-out and eventual pull-out of the 5,800man force. This was the case with the multinational force two

However, until yesterday's police allegations about the involvement of Abdallah's brothers in the Paris bomb wave, the prevailing view was that the terroris violence was par of a broader scheme to destabilise the French government and its policies and role in the Middle East.

It is certainly ironic that France, which has always tried years ago.

The crisis between the Fernch contingent and Shi'ite guerrillas started in August when an irate French soldier shot and fatally ed three armed men from the Amal movement, among them a senior and popular com-mander, Haidar Khalil. The retaliatory action against French peacekeepers has led to the death of four since August and the injury of scores of

The same steer over the splication of United Nations Security Council Resolution 425 calling to the security Council Resolution 425

the Israeli border.

The moderate wing of the Amal movement, led by Mr Amal movement, led by Mr Nabih Berri, who is also Minis-ter of Justice, has come out strongly in favour of the reso-lution and had organised a rally on Wednesday to demon-strate support among the south-erners for a continued Unfill by French police on Wednesday and possibly connected with the recent spate of terrorist bomb-ings in Paris is thought to con-tain explosives manufactured

in Sweden.

Nobel Chemicals, part of the Swedish chemicals and armaments group Nobel Industries, understands that the 40kg of explosives uncovered were in packages marked with the Swedish words "125 gram spraengdeg" (gelignite) which is how their explosives are labelled.

The company sells about 98 per cent of such explosives to FMV, the Swedish defence equipment manufacturer, which in turn supplies the Swedish armed forces. The rest goes to civilian buyers for research.

Explosives intended for export are not marked in Swedish.

Defence staff say it is uncontended to the same of the mysterious force desirious, that will eventually shape the fate of the eight-year-old mission.

Duad Duad, Amal's commander for South Lebanon, has claimed that two elements of the radical fundamentalist that are not marked in Swedish.

Defence staff say it is uncontended to the same of them had been in contact with "Abu Jihad." Interviews over the past few

the radical fundamentalist.

Hizbollah movement were we cannot accomplish our misarested in connection with the hit-and-run attacks this week remain? "he said. If attacks and that one of them had been in contact with "Abu Jihad." be the first one to recommend or Khalil Al-Wazir, the leading a withdrawal."

THE PUZZLING attacks against aide of Mr Yassir Arafat, chair-the French contingent of the man of the Palestine Liberation Organisation.

Many young Amal supporters in Tyre have pointed an accusing finger to Mr Arafat, whose role in South Lebanon was terminated in 1982 with the Israeli A Shi'ite Moslem cleric in

the port city of Tyre, said to be one of two Hizbollah leaders in the region, though he denies the title, explained Hizbollah's reservations on Unifil activity. Sheikh Ali Yassin, 35, who boasted that youngsters seek-ing martyrdom often come to him for guidance and a "fatwa," a religious dispensa-tion for their act of self-sacri-fice, said the presence of Unifil

the activities of resistance fighters trying to infiltrate into Israel to carry out operations are the you blame them? They Unific peaceticepers have been are marderers, the people rebuked by Islamic resistance fighters for trying to disarm have to do our job and return Unifil mandate.

At the moment this is confined to a limited sector overlapping with a security zone delineated by Israel. down to and valleys.

Irish soldiers have been threatened after dismantling roadside mines which the free-dom fighters insist are intended for the Israelis and their local allies, the South Lebanon Army. Unifil commander Gustav Haegglund, from Finland, said his men were obliged to dismantle such mines since they jeopardised their own safety and had caused a number of casualties among Unifil mem-

Haegglund, under fire from Prime Minister Jacques Chirac of France for vacationing dur-ing Unifil's crisis here, flew back to Lebanon this week. He said he was heartened by the local show of support in Tyre on Wednesday, but cautioned that his troops could not take any more attacks.

"If we have to concentrate on the security of our force, we cannot accomplish our mis-

curious to see the damage went into the store. Two security men at the front door checked bags as television camera crews stood by them interviewing and photographing the first customers to return to the shop.

The blast was the worst in the latest unprecedened spate of terrorist bombings in the French capital.

The shop is usually patronised by a clientele of working and middle class Parisians, as well as North African immigrants. The salesgirls and the cashiers, sitting high at their desks, dominated the piles of cheap ladies' stockings, Teshirts and lingerle yesterday. Signs saying "Do not touch the merchandise" far outnumbered customers.

"When I heard the bemb I ducked under my cash till," said one cashier. "My two celleagues besides me did the

The bomb went off at one of the most crowded periods of the week at Tati. In France, Wednesday has traditionally bear a school holi. ditionally been a school holi-day instead of Saturday and mothers regularly go shop-ping with their children on that day. Last Wednesday was no exception: among the five people killed by the blast were three women, and children were among the more than 50 injured.

An assistant manager of the store was clearly warried

the store was clearly worried when he saw a stranger questioning his staff. "We really have nothing to say. The police are answering all the questions," he said looking anxiously towards the

customers than yesterday but to work.

Outside in the sunshise, small crewd had gathered to gaze at the clothing shop which in a macabre way has which in a macker way has become another tourist sight of the capital. Other small stores nearby were also replacing the glass on their front windows broken by the unusually powerful and deadly blast.

deadly blast.

In the streets some people are again talking about bringing back the death penalty.

The bomb at Tati, more than The bomb at Tati, more than any of the other Paris terrorist attacks of the past fortnight, has had a huge impact. Most large department stores were reporting a major fall in customers yesterday and the number of people travelling on the metro has visibly dropped. The sound of police strens and fire engines have started to fill the air with monotoneus regularity. But like Tatl, whose doors opened again first thing yesterday merning, Paris seems opened again first thing yes-terday merning, Paris seems resolved to centinue living as it always has, although the mood and atmosphere has perceptibly changed in the

South Lebanon turmoil grows

SOUTHERN Lebanon was in renewed turnoil yesterday, as the region threatened to plunge into its worst chaos since the official end of the Israeli military occupation 15 months ago. tary occupation 15 months ago. Violence has been building up

Violence has been building up on all sides for weeks, worrying senior Israeli officials and military commentators.

Italian Prime Minister indicated yesterday that Italy would not push the extradition of a Lebanese man whose imprisonment in France has led to a wave of bomb attacks in Paris, AP reports from Rome.

Italian officials this week said magistrates had applied for the extradition of Mr George Ibrahim Abdallah, the reputed

Violence has been building up on all sides for weeks, worrying senior Israeli officials and military commentators.

The tempo of Katyusha rocket attacks on Israel and its self-declared "Security Zone" north of the border is rising rapidly.

Clashes involving the Israeli military spokesman.

Clashes involving the Israeli military spokesman.

Confusion may have arisen from the fact that Unifil said peacekeeping forces deployed in southern Lebanon since 1978 have, for the first time, started to come under regular attack. to come under regular to the come under regular to the South Lebanon to its former "iron fist" policy quarters of the South Lebanon of retaliation if the violence of retaliation if the violence of retaliation if the violence of shelling unidentified targets to Lebanon, admitted this week that continuously blans had been prepersists, French soldiers serv-ing with Unifil, the United Nations force, were yesterday withdrawing to safer, more defensible positions. Four French soldiers have

been killed this month in clashes with Amal, the tradi-tionally moderate Shilte militiz, now coming under mounting pressure to take a tougher stand pressure to take a tougher stand against Israel and its allies.

Yesterday, two-thirds of the operational battalion deployed by France east of the port city of Tyre was being moved to new positions well away from the Shitte villages at the centre of recent troubles.

base. Taking over their former

heavy, long-range artillery from across the border to near the town of Marjayyoun, head-

Israel's action in southern Lebanon appeared to be in swift reprisal for an unusually largescale clash early on Thursday between radical Shiites and the SLA, which left dozens dead or

In future, the French will be past year, based on a coalition responsible for a restricted area of interests, is rapidly breaking

According to Mr Ze'ev Schiff, the highly respected Israeli military commentator, Amal, which has in effect provided an additional security layer for Israel against hostile attacks, is losing ground to Hizbollah. the Iranian-backed radical group and other radical forces. radical Hizbollah, together with various splinter Palestinian groups and dissident Amal militiamen, is believed to be behind the recent Katuysha rocket attacks. In August, 15 rocket attacks, on Israel were from the fact that Unifil said rocket attacks on Israel were the Israelis had brought up recorded, along with another 27 on the security zone, though damage and casualties were

> contingency plans had been pre-pared for implementation if Unifil is forced to pull out "Solutions can be found to the problems that will ensue," he

While warning that Israel wounded.
With the Israell Defence
Forces keeping silent, reports
from the region are sketchy.
But Lebanese radio reports
monitored in Jerusalem say 30
radical Shiite fighters were
radical Shiite fighters were

wound to wound the attacks continued, he said the recent viotinued, he said the recent viotinued, he said the recent viotinued, he said the recent viowidening of the security zone.

UN forces are prevented
from entering the 10-mile-wide
security zone, and any push would be forced to use a mailed fist " if the attacks conradical Shifte fighters were wounded. The mainly Christian SLA admits it lost eight militiamen. It is becoming apparent that the fragile stability of the security rone, and any push northwards by Israel or the SLA would inevitably bring greater conflict.



The Lebanese authorities sought to reassure the French Government and French public opinion yesterday with a statement saying there were no conflicts between France and the Lebanese of all political and religious factions.

The statement added that the Lebanese people recognised the important role France was playing in preserving the country's identity. It also claimed that if the terrorists wave in Paris are related is clearly one of the key issues the French Government and French public to destroy France's influence in to destroy France's influence in the Arab world.

The country's often contradictory policies in the Middle East could well be part of the answer. In the past few years wer. In the past few years the important role France has maintained an ambiguous dialogue with Collegament and the terrorists wave in Paris are related is clearly one of the key issues the French Government in more relations with non-to hear the release of the release of the receive the release of the receive the release of the remaindance and part of the answer. In the past few years wer. In the past few years were hear of the level in Lebanese Armed Revolutionary Factions, were belighed the bomb attack against the Paris store on Wednesday with Libya over Chad.

While continued to maintain the France has maintain the past few years were Lebanese, they would undoubtedly be members of plier of Iraq, file French Gov.

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of time for agreement on world trade talks

vices industries' exports.

Yesterday, Mr Iglesias called

on the Colombian delegation to table formally a compromise

proposal allowing for trade in services to be negotiated separately from the new round. Although unattractive to the US, this plan at least meets

Washington's principal requirement that the sector will be discussed under the Gatt umbrella.

Investment: India and other developing countries have insisted that the time is not right

"Investment has as high a priority for US as services and,

yesterday. Balanced benefits: the EEC

cessions made in Gatt negotia-tions should produce equal benefits for both partners.

new round.

CONCERN mounted at trade bridge the gap between the US talks in Uruguay yesterday that and Brazil and India, positions remain entirely unchanged. time was running short for a comprehensive agreement on the wording of the ministerial Many developing countries continue to see a trade-off in concessions between services and goods during the coming declaration defining the terms and goods during the cuming round as unacceptable. Mr Clayton Yeutter, the US Trade Representative, reaffirmed yesterday that the US would not expect to give trade benefits for liberalised access for its ser-

for a new trade round.
With less than 48 hours left before the scheduled end of the General Agreement on Tariffs and Trade (Gatt) conference, disputes remain on all the con-

After three days of discushave only just begun on the key farm trade provisions between the European

between the European Economic Community and the "free traders" exporters group, led by Australia.

Moreover, Brazil and India, leading a 10-strong Third World group, are continuing to resist pressure from the US to accept a new trade in services negotiation as an integral part of the new round. the new round.
Mr Enrique Iglesias, the

to allow freer access for for-eign investment in their econo-mies. But the US continues to stress the importance of hav-Uruguayan Foreign Minister chairing the meeting, has been attempting to narrow down the areas under dispute. But it is clear that difficulties are con-tinuing over the wording of several clauses, such as those for some of our businessmen, even higher," Mr Yeutter said freeze on new trade barriers and the dismantling of existing ones) previously viewed as near

Despite the slow progress, is continuing to fight for the however, Gatt officials insisted inclusion in the declaration of that there still remained sufficient flexibility among the cessions made in Gatt negotiating that concern flexibility among the protagonists for a comprehen-sive deal, although this might

involve extending negotiations into the weekend.

The main areas still to be resolved are:

Agricultural Trade: The EEC than now identified the key norts.

This has been labelled "the Japan clause," because it implicitly singles out Tokyo as the principal offender for maintaining covert harriers to imports. has now identified the key ports. areas in the text where it But has now identified the key areas in the text where it requires changes. It is adamant that a specific reference to "the phased reduction within an agreed time-frame" of subsidies be removed.

The Community is also seeking to ensure that negotiations on farm trade are held separately from those on other topics to avoid trade-offs across sectors and it is opposing any tries are backing a move for

sectors and it is opposing any deadline for concluding agree-ment. So far, the "free-traders" group is resisting all these finance. This would call on Israel has come under mount-other institutions to take trade
Services: Despite intensive factors into account during behind-the-scenes efforts to negotiations on debt financing.

Ministers running out | Guangdong helps to unite foreigners and their profits

any other Chinese province, have begun to enact new policles aimed at improving the joint ventures' viability, in par-

foreign exchange costs.

Commitment to new policies simed at boosting foreign investment in China was first voiced in February, as officials grew increasingly concerned sales. about reports of joint ventures Whi We cannot ask foreigners to come, and then not let them

make money."

In July, the Government revealed that foreign investment in the first half of 1986 amounted to \$1.24bn—20 per cent helow the level in the first half of 1985. Statistics also haved that foreign accompanies showed that foreign companies committed to joint venture agreements were in many cases holding back from investment with less than one-third of the

Guangdong has attracted Peking because alarmed at the supply.

about half the \$16bn foreign rapid depletion of foreign of foreign of the since 1979, mainly because of the "packaged balance" as foreign investment for the its closeness to Hong Kong and system wil lallow a venture to: purposes of preferential tax,

OFFICIALS in China's southern the major role in foreign invest-

Anxiety in the province has focussed on a survey conducted in the provincial capital in June showing that 70 per cent of balancing foreign exchange needs, while 90 per cent of the foreign exchange generated by such ventures came not from exporting, but from domestic

White Xu Zhi, about reports of joint ventures while All Zni, Guangzong getting into difficulties. Only a City's deputy party secretary, seek ago Deng Xiaoping, China's indists that failures "are still paramount leader, told a group in the minority," he concedes: of visiting Japanese investors: "We want to ensure that overtheir fair profits." As a result, the city will not in future insist on "single item

balance" in joint ventures ---which essentially meant that

any venture had to meet its foreign exchange costs out of its foreign exchange earnings. Instead, it will allow "compre-hensive or packaged balance" —an array of policies that were country's agreed equity joint first approved three years ago, ventures yet in business. but were abandoned when Guangdong has attracted Peking became alarmed at the

haps unrelated products, for foreign exchange. local currency, and then export them for fareign exchange.

Be paid in foreign exchange for goods sold in the domestic market if they are imported anyway, or are in critically short

THE Royal Yacht Britannia will be on lean un October 14 for a British business seminar in Shanghai port during the Queen's October 12-18 visit to China, writes Colina

Peking's Ministry of For-eign Economic Relations and Trade, the China Council for the Promotion of Inter-national Trade and its Shangnational Trace and its Snang-hai sub-council will sponsor the event, in which senior British businessmen will make presentations to high-ranking Chinese in sectors such as energy, transport, Companies attending in companies accepting in-clude GEC, which is expected to provide the turbines for the Daya Bay nuclear power station next to Hong Kong, and Davy McKee.

duty, and other investment preferences.
Guangdong officials know that prospective foreign investors are likely to remain sceptical are likely to remain sceptical despite their renewed commitment to a more fiexible set of policies, but insist they are sincere. Yang Ziyuan, Guangzhou's deputy mayor, admitted recently that the problem of balancing foreign exchange in joint ventures "has reached a critical stage for the survival of many enterprises."

Officials point to the Guang-mei soft drinks and foods venture. a partnership mainly between Beatrice of the US, and the local Foodstuffs Industrial Corporation, where products have sold well in the domestic market, but have won no export

consistently been blocked by the export bureau in charge of water chestnut exports. Many prospective investors are watch-

prospective investors are watching the Beatrice case to see whether or not officials can deliver on the new "packaged balance" policy.

In Hainan, the neglected tropical island that is part of Guangdong province, officials have taken direct measures to tackle problems of foreign exchange balance in ventures established locally. They insist that in ideal cases, ventures that in ideal cases, ventures should at least balance their foreign costs.

But if this is impossible, according to Liang Ghai, direc-tor of the island's Foreign Economic Relations Commis-Economic Relations Commission, a sequence of options is in Monday's newspaper.

possible:

• First, the bureau responsible to inject foreign exchange being earned by other export ventures under its control.

If this is impossible, then the Hainan market, but have won no export sales of note.

In terms of local currency, the venture is highly profitable, but funds needed for the import of machinery and materials are not being generated.

A commitment to allow means and the project is still the same of the foreign exchange needed," Liang says.

If this is impossible, then the means and the project is still the same of t port of machinery and material are not being generated.

A commitment to allow means, and the project is still means, and the project is still regarded as critically important them for foreign exchange has appeal to Beijing for an allocation of foreign exchange cation of foreign exchange appropriate depart-

> • If the project is not seen 25 of if the project is not seen as critically important, but is still making good profits in local currency, then it will be allowed to invest the local currency in other projects that can earn foreign exchange, or will be entitled to buy local products for export.

from the appropriate depart-

Officials concede that the new policies are only now being tested in practice, but the fact that they have acknowledged foreign investors worries may provide encouragement to those who have come close to giving up the idea of investment in China as a bad job.

Israel and Grumman look at Lavi joint production

ISRAEL Aircraft Industries a (IAI) and Grumman, the large TI US aerospace corporation, have Is agreed to examine the possical bilities of jointly producing and he marketing Israel's sophisticated Lavi fighter plane, due to make the its maiden flight next month, in Thic follows the signing of the content o This follows the signing of a memorandum of understand-

a memorandum of understanding on Wednesday.

Israel is particularly interested in obtaining export
licences through the US company, to sell the \$22m aircraft,
which has a high percentage of
US components, to third countries

tries.
The memorandum was signed in New York following a week of discussion. Talks with Grumman are to be continued next month in Israel. tries are backing a move for the inclusion of a clause on the links between trade and Grumman is to produce the Lavi's wing and tall sections.

The Pentagon contends that the Israeli defence establishment cannot afford the project and has underestimated its cost. The Israeli Government has

therefore been searching intensely for a US partner in the \$2.5bn (at current prices) (£1.6bn) project, which it believes will allow it to spread the development costs, minimise the political risks of cancellation, and create a potential export product.

Ha'aretz, the Pentagon would be willing to accept a partneralternative to Israel producing the aircraft on its own. But it is still waiting for the results of two studies being carried out in the US on the costs and possible alternatives to the aircraft should it be cancelled.

Hyundai goes ahead in Canada

HYUNDAI of South Korea has begun construction of its Canadian assembly factory where it intends to build an

entirely new car.

The 100,000 unit capacity factory at Bromont near Montreal will cost about C\$450m (£219.5m) and produc-tion is due in 1988.

The new model will be slightly larger than the existing Stellar and with front-wheel drive. Hyundai will initially im-port hody stampings from South Korea but it is considering establishing a stamping factory at Bromont.

Hyundai says it is confident the new model will be fully competitive and that the Canadian market will be able to absorb nearly all production. The Canadian content of the

The Canadian content of the cars will be about 60 per cent by 1991 when full production is due to begin. The company will then be eligible to bring in cars or parts duty free to the same value as its Canadian

Hyundai sold about 51,000 Ponies and Excels in Canada in the first eight months of this year. The total for 1936 will be about 85,000. The company is likely to fall short of its 100,000 target because of competition from Japan

Rolls expands in Australia

By Michael Donne

ROLLS-ROYCE is setting up new advanced technology manu-facturing company in Australia to make turbine blade castings for gas-turbine sero-engines. It is expected to be operating at maximum output by late 1988. Total investment will be A\$15m

Mr Raiph Robins, managing director of Rolls-Royce, said in Canberra yesterday that Rolls-Royce was committed to the support of Australian civil aviation and defence needs.

The establishment of the new tooks are the stablishment of the new tooks.

company would create new jobs
and bring some of the highest
available engine technology to
the Australian acrospace manufacturing industry.

The new plant will be expected to be commercially comyears of operation at least Rolls-Royce will use the whole output in its own new engine and spares programmes in the UK.

Indonesian loan strikes problem

BY JOHN MURRAY BROWN IN JAKARTA

The Queen's Awards.

FRANCE, a past master of the French costs of projects mixed credits in development. France is showing particular projects appears to be having interest in dam construction in projects appears to be having problems over the terms of a proposed soft loan with the ladonesian Government.

President Francois Mitterrand, who is on a four-day visit, the first by a French head of state, confirmed "there is still a hitch to be settled."

Soft loans are used to cover The disagreement appears to centre on Indonesian demands that loan interest be paid in French france. Similar problems over the terms of a least Java and the contract to lems led to protracted negotiations with Baptions on a \$140m (£94.6m) soft loan with Britain earlier this year. This was finally signed after Indonesia agreed to pay interest in dollars. The 3.5 per cent interest on a dollar loan was then equivalent to 6 per cent sterling.

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SHANGRI-LA SINGAPORE, SHANGRI-LA EUALA LUMPUR. SHANGRI-LA BANGEOE, SRANGRI-LA BELING (LATE 1986)

Nomination of Chief Justice confirmed by divided Senate

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THE US SENATE confirmed on

Democrats and two moderate Republicans—voted against the appointment. Such opposition is

Appeals Court judge and also a conservative, was approved unanimously. Mr Rehnquist succeeds the retiring Chief Justice Mr Warren Burger. Mr Scalia will take the seat held by Mr Rehnquist for more than 14 years.

Reorganisation of military approved

THE HOUSE of Representatives yesterday approved the most sweeping re-organistation of the us military command structure in 30 years, Reuter reports from Washington. The bill was sent to President Ronaid Reagan, who is expected to approve it.

The bill, a response to what were seen as inadequacies in military concretions at least an approximation of the second second series and the second se military operations as long ago as the Vietnam era and as recently as the invasion of Grenada, was designed priremana, was designed practically to improve co-ordination among the four main branches of the service, sponsors said.

The legislation, opposed by Mr Caspar Weinberger, Defence Secretary, and elements of the military, in particular the Navy, proceedings of the military in particular the Military in particular

was adopted on a voice vote. The Senate approved it the same way. Sponsors say the bill should force the Army, Navy, Marines and Air Force to work together more efficiently and would strengthen the power of the country's top military officer, the chairman of the Joint Chiefs

THE US SENATE confirmed on Wednesday might President Ronald Reagan's appointment of Justice William Rehnquist as the 16th Supreme Court Chief Justice.

Liberal Democrats fought the nomination bitterly and accused the judge of insensitivity to women's and minority rights. A third of the Senate—31 Democrats and two moderate residents of the Senate—31 Democrats and two moderate residents. Mr Rehnquiet was attacked

Mr Rehnquist was accused of appointment. Such opposition is price for Supreme Court nominations.

Annuals Court in Scalia, an Annuals Court in Scalia, and Annuals Court in Sca personal attempts to stop black

Mr Rehnquist said he was relieved the process was over and that after his swearing-in

Congress gives nod to Reagan Angola policy

THE House of Representa-tives defeated yesterday a Democratic-led attempt to stop funding for the Angelan rebel movement the National Union for the Total Inde-pendence of Angela, Reuter reports from Washington reports from Washington.
Democrats said US aid for Unita would escalate Angela's

Unita would estate Angeles 10-year civil war and place Washington in a de facto alliance with the South African Government, which hacks Unita.

Mr Reagan welcomed Mr
Jonas Savimbi, Unita leader,
to the White House earlier this year and later approved \$15m in weapons and other aid. Congressional sources said this included sophisti-cated anti-aircraft missiles

cated anti-aircraft missiles called Stingers.

Mr George Shultz, Secretary of State, in a letter urging Congress to uphold Mr Reagan's Angola policy, told legislaters that cutting off aid to Unita would "stop any movement teared. movement toward a negoti-ated settlement in Angela."

Warning of losses at Farm Credit System

people from voting.

today he was not going to think about all the things that went on in the confirmation debate."

Soviet employee at the UN.

tives, who have been chafing for months as the Secretary of State, Mr George Shultz, has taken firm control of US foreign

President Ronald Reagan, the of State, saw the need to urge most vigorous cold warrior to the White House to resist Soviet occupy the White House since pressure to treat, in American the Iron Curtain closed round eyes at least, the innocent Mr

castern Europe, appears to some foreign policy conservatives to have lost his nerve and jeopardised his bargaining position at the arms control as just a transient temper tantum if it were not for the Canada and the immorant for the immorant for imm That notion occurred to them Senate.

After President Carter's failure in the late 1970s to secure Senate approval for the Salt II arms control treaty, which is still unratified, any earlier this week as they rubbed their eyes in disbelief at the Administration's decision to swap into the custody of their respective ambassadors accused spies Mr Nicholas Daniloff, an American journalist in Moscow, and Mr Gennady Zakharov, a president must view with alarm a right-wing insurrection against his approach to Moscow.

oviet employee at the UN. Indeed, it is Mr Reagan's The mood among conserva-reputation as a relentless cold warrior who would give nothing away, which has led many to the conviction that while he might have to struggle, this president

taken firm control of US foreign policy, was plastered all over the editorial pages of the American media.

Mr William Safire, a conservative columnist and former Nixon Administration speechwriter, in a commentary in yesterday's New York Times (provocatively) headlined "The Road to Yalta," said Mr Reagan had "blinked first" in his eyeball-to-eyeball confrontation with the Soviet leader, Mr Michail Gorbachev.

Even moderates, such as settingle, this president conticis are right that any succus that any succus pressure to swould ultimately be able to secure Senate approval for a new arms control treaty once it was negotiated.

Today, however, as the Soviet at a summit. Thus, on the Shevardnadze, arrives in Washing with Mr Shultz, a chill wind is blowing. The meetings were had "blinked first" in his explained to secure Senate approval for a new arms control treaty once it was negotiated.

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critics are right when they warn that any succumbing to Soviet pressure to swap Mr Daniloff for Mr Zakharov will weaken Mr Reagan's bargaining position



Stewart Fleming, US Editor, examines the domestic context to dealings with the Soviet Union

Reagan bows to his right over relations with Moscow

and space arms control negotiaand space arms control negotia-tions which reconvened in Geneva yesterday, the US is seeking to narrow the gap between the US and Soviet posi-tions on the scale of the cuts in long-range nuclear ballistic missiles which the two sides are negotiating.

interested in trying to establish a new framework for dealing with the Soviet Union on arms control and on regional and human rights issues. But "there is a rule book," Mr Mc-Farlane said in a TV interview.

Before the US can get to these broader issues, the Soviet Union must understand the rules, one of which is that the US cannot tolerate the arbitrary arrest of, say, an American journalist and Moscow's decision to try to establish an equivalence between an inno-cent US citizen and a Soviet

This explanation, however, is not comprehensive. Both sides are deeply suspicious of each others motives in their approach to the Zakharov and Daniloff cases.

Reflecting this distrust Washington and Moscow each have claimed that opponents of arms control in the respective capitals either instigated or are exploiting the Daniloff/Zakharov case. Their goal, so the argument runs, is an effort either to sabotage the summit or at least to pressure their respective political leaders to take a tougher line at the bargaining table. vative columnist and former
Nixon Administration speech
writer, in a commentary in yesterday's New York Times
(provocatively) headlined "The
Road to Yalta," said Mr Reagan
Road to Yalta," said Mr Reagan
had "blinked first" in his
writer he Soviet leader, Mr
Mikhall Gorbachav.

Even moderates, such as
Senstor Richard Lugar, chairman of the Senate Foreign Relations Committee, and Mr Henry
Kissinger, Mr Nixon's Secretary

Today, however, as the Soviet
at a summit.

Today, however, as the Soviet
Thus, on the very day Mr
Shevardnadze, arrives in WashShevardnadze touched down in
New York the US ordered the
missiles which the two sides are
sumits she the two sides are
missiles which the two sides are
miss

Reagan Administration National ness on what seemed at one Security Adviser, what Washing-ton is saying is that, yes, it is Mr McFarlane put it, "carry

Washington suspects Moscow is now twisting the screw precisely to see if Mr Reagan blinks again.

The White House has decided. with the expulsion of the Soviet diplomats, not to blink but to escalate. At the same time it is trying to protect itself against the claim that, if the momentum towards a summit is lost, it was Mr Reagan's intransigence

which led to the breakdown. Thus Washington is insisting that the Daniloff case will be at the top of the agenda for the meeting today between Mr Shultz and Mr Sherardnadzei. It also insists Mr Daniloff will not be the only item on an agenda originally designed to see if enough progress was being made on a wide range of arms control and other bilateral issues for

THE FARM Credit System the might not be wised out until the Government funded egency which early part of 1988. underwrites 481bn of loans to US. The GAO said that "the exact farmers, will lose a record \$2.5bn time at which the system's surplus this year and exhaust its remaining will be exhausted is not so impor-

capital by early 1987, according to tant as the inevitability of the projections by the General Accounting Office (GAO).

projections by the General Accounting Office (GAO).

The Farm Credit System buys loans from farmer-owned co-operative banks around the country and provides roughly one third of all agricultural lending in the US.

The GAO forecast, presented yesterday to Congress, implies that the US Government may be required to pump more public money into farm credit than had previously been supposed.

The Farm Credit System's own administrators have estimated that its vesses. They come at a time of congress, followed by a combined loss of another \$1.7bn during the next two years.

On this basis, the system's administration had predicted that its reserves, which stand at \$3.2bn,

14th September, 1986.

Magnapix has today announced the release of their latest film, "Giving and Taking". A block-buster of a love story set in wartorn Europe, it's directed by William Healey and stars Jim Roberts, Philippa Baldwin and Karl Kretschmar-Schuldorff.

Based on the best-selling autobiography of Belinda Ballantyne, "Giving and Taking" tells the story of a young Englishwoman (played by Baldwin) who is married to a German (Kretschmar-Schuldorff). When war breaks out, he is drafted and eventually sent to the Russian

When Kretschmar-Schuldorff loses his legs to a partisan's grenade and is sent home, he begins to suspect that Baldwin is having an affair. But that is only half the truth — she is also actively engaged in helping Roberts with his espionage work.

Whilst under the influence of home-made schnapps, Kretschmar-ldorff confides his anguish over his wife's infidelity to a neighbour, who is, unfortunately, an informer (played by the great old character actor, Tim Baynes). Baynes discovers that Roberts is a spy, and informs on both him and Baldwin. Self-Sacrifice.

Confronted by the hurt and angry Kretschmar-Schuldorff, Baldwin and Roberts confess their anti-Nazi activities, just as the Gestapo arrive outside their apartment building to arrest them. Kretschmar-Schuldorff, in order to distract the Gestapo and give Baldwin, Roberts and the children time to escape across the roof, drags himself over to the window and throws himself out.

In a recent interview on the set of his next film, William Healey, the director, spoke at some length about "Giving and Taking" "I think what first attracted me to the story was the sheer scale of the human sacrifice involved. First, you have old Kretschmar-Schuldorff defending his country, although he disagrees with the policies of the Mazi party. Then Baldwin and Roberts risking their own lives to spy for the Allies. And finally, of course, Kretschmar-Schuldorff making the ultimate sacrifice, for his wife and the man who had stolen her love."

Press release

14th September, 1986

Magnapix's Latest

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During the years to come, Baldwin has more to cope with than three children, the Allied bombing, the neighbours' hostility and the authorities' suspicions. She also meets, and falls in love with, a Canadian Intelligence officer masquerading as a Swiss cultural attaché (Roberts).

When Kretschmar-Schuldorff loses his legs to a partisan's grenade and is sent home, he begins to suspect that Baldwin is having an affair. But that is only half the truth - she is also actively engaged in helping Roberts with his espionage work.

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Caribbean states 'becoming criminal'

and other financial institutions, based.

45

held

SOME CARIBEEAN countries had been so deeply penetrated by organised crime they had become virtual criminal states, Dr Barry Rider, head of the Commonwealth Secretariat's commercial crime unit, told a workshop in Barbados on international economic crime.

"We are in this region dealing with jurisdictions which have already been so far penetrated by organised crime that you cannot really trust or have confidence in their institutions," he said.

The workshop, which ends

The workshop, which ends

The integrity and credibility

The workshop, which ends today, is concentrating on the misuse and abuse of banking countries in which they are countries in which they are

and other financial institutions, in particular the dangers facing small countries and especially offshore financial centres.

Dr Rider said there were countries where senior politicians and senior officials had been charged with drug-related charges. The chief minister of the Turks and Caicos Islands, Mr Norman Saunders, and one of his cabinet ministers were found guilty of drug trafficking by a Miami court earlier this

The bare facts.

At a brief glance, these two sheets are very

Of course, they both say exactly the same

An integral part of that system is the software

different. The one on the right looks worthy of closer

inspection — it appears to have interesting informa-

tion to convey. Whereas you could be forgiven for

thing. But it's the way they say it that makes the

difference. And the "well-written" one was composed

known as Microsoft Word™ This is what allows you

conveying the one on the left to the rubbish bin.

on the Apple™ DeskTbp Writer System.

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the entire document by itself. And used

the inclusion of graphs, illustrations

But those are just the technical

in conjunction with other software, it permits

and spreadsheets.

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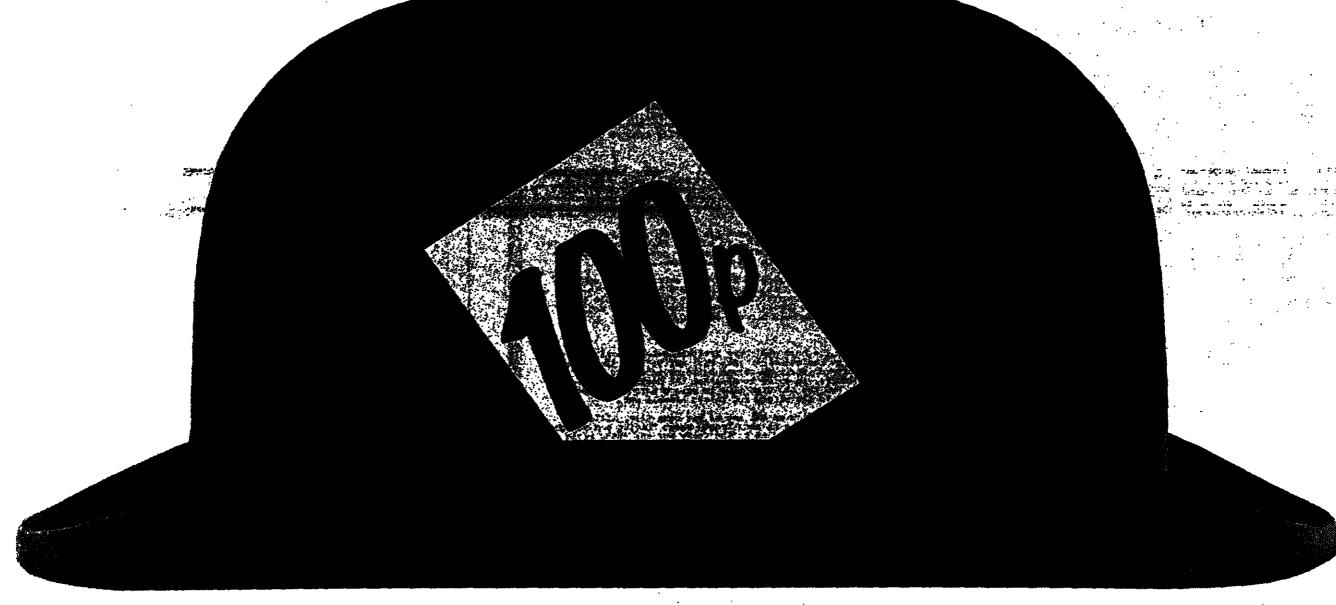
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Alilan Val

by job schemes

BRITAIN'S official unemployment ment was ignoring the means avail-total was virtually unchanged in able to it to begin to tackle the high-August, and official statisticians be- est unemployment rate in Europe. lieve that the recent expansion of the Government's special employ-ment schemes has brought a small reduction in the underlying upward

The Department of Employment said that the number of people claiming unemployment benefit to talled 3.28m last month, just 500 more than in July. The department's seasonally adjusted figure, which excludes school-leavers, showed an increase of 400 over the month to stand at 3.22m.

Lord Young the Employment Secretary, said that trends in the la-boar market, particularly a rise in the number of vacancies, gives some encouragement for the in-

pendent pressure groups and oppo-sition parties. The Unemployment sition parties. The Unemployment the centre of the Government's converge, rose by 6.5 per cent way the figures were calculated had obscured the true memployment to be more than twice the level of total which stood at 3.63m people.

Mr John Evans, Labour's shadow

Official statisticians believe that the underlying upward trend in the jobless rate has now slowed to be-tween 5,000 and 10,000 a month compared with the increases of 10,000 to 15,000 seen earlier in the

down is thought to be the expansion of the Government's Community Programme and the Job Start prone for the long-term unem-

slowdown in the rate of earnings show no signs of being met. Yester-day's labour market statistics indi-"Vacancies have been rising every month this year and today stand at over 200,000, the highest figure this decade," he said.

The Government's record on unemployment was criticised by indicate the content of the cont

manufacturing, which have been at ent the centre of the Government's con-

The department's new basis for

Unemployment | Elders breaks into cosy trend slowed British brewing club

Lisa Wood on the

of Courage

stantial tied estate of his own in

Britain, undoubtedly will have his own views on the status quo. One analyst said: "Mr Elliott is more

likely to want to get all his beers in-

to other peoples' pubs rather than keeping theirs out of his."

Certainly Mr Elliott is critical of

the status quo in Britain. He was re-

ported as saying to the Monopolies and Mergers Commission in its re-

cent investigation into the Elders

IXL bid for Allies Lyons, which will

now not be renewed, that he re-garded that acquisition as a chal-

tion of the "big six" brewers in the industry, which had no real over-

With a number of strong brands, including Courage Best and John Smiths, Courage has been weak in

the important take-home trade, par-ticularly with its Hofmeister brand.

The relationship concerning Fos-

ter's in the UK - brewed under li-

cence by Watney Mann & Truman

with an agreement scheduled to

last for 12 more years - is yet to be examined with Watneys. However, Mr John Dunsmore, of Wood Mak-

kenzie the Edinburgh stockbro-

ge to the present "cosy" domina-

sell most of their beer.

Mr Elliott, who now

MR JOHN ELLIOTT, the ebullient Australian chairman and chief ex-ecutive of Elders IXI., yesterday barged into the club-like UK brewing industry with his £1.4hn acquisition of Courage, the brewing subsid-iary of Hanson, the UK conglomer-

His entry marks the first significant foreign entry into the UK beer market, where traditionally an as presence has come in the form of licensing agreements with an established British brewer to market or brew a foreign brand. -Mr Elliott's intentions are two-

fold: to become a significent UK brewer and to develop his brands, including Foster's lager, into major players in world markets. The latter strategy is one that is being pursued by some of the most vigorous players in the field includ-

ing Anheuser-Busch, the US brewer; Heineken, the Dutch brewer; Miller Brewing, the Philip Morris subsidiary; and Guinness, the UK In the pursuit of the first objective Mr Elliott is unlikely to leave

the UK brewing industry unruffled. Mr Keith Holloway, commercial director of Watney Mann & Truman, the brewing subsidiary of Grand Metropolitan, said: "Mr Kliiott has a tremendous energy. We will find a lot of innovations coming from him. He comes from a totally different environment and may not be pre-pared to accept a lot of the things that we do."

And in the UK the acquisition amployment minister, said the figures were "an indictment of this Government and a badge of shame for our country." The centrist Charter for Jobs said that the Government and a badge of shame for our country. The centrist Charter for Jobs said that the Government and a badge of shame for our country. The centrist Charter for Jobs said that the Government and a badge of shame for our country. The centrist Charter for Jobs said that the Government and a badge of shame for our country. The centrist Charter for Jobs said that the Government and a badge of shame for our country. The centrist Charter for Jobs said that the Government and a badge of shame for our country. The centrist Charter for Jobs said that the Government and a badge of shame for our country. The centrist Charter for Jobs said that the Government and a badge of shame for our country. The centrist Charter for Jobs said that the Government and a badge of shame for our country. The centrist Charter for Jobs said that the Government and a badge of shame for our country. The centrist Charter for Jobs said that the Government and a badge of shame for our country. The centrist Charter for Jobs said that the Government and a badge of shame for our country. The centrist Charter for Jobs said that the Government and a badge of shame for our country. The centrist Charter for Jobs said that the Government and a badge of shame for our country. The centrist Charter for Jobs said that the Government and a badge of shame for our country. The centrist Charter for Jobs said that the Government are department as the beautiful the descent of the country o nterest to harm the brand."

Foster's is the brand identified by international implications Elders IXL as offering its strong of the Australian purchase overseas potential. It is already sold in a number of export marketss, inchiding the US where imported beers, while small as a percentage through which nearly all brewers of the total beer market, command premium prices.

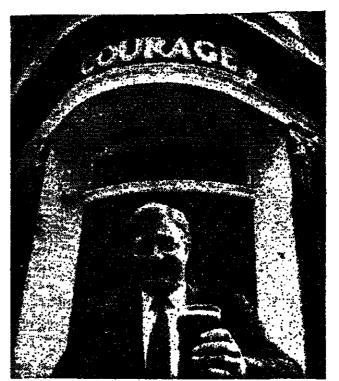
> port relatively small quantities of beer. In 1985, while total imports amounted to about 2.3m barrels (about 5.9 per cent of UK consu tion), exports amounted to about 600,000 barrels. Elders IXL, which exports 20 per cent of its Carlton United Brewery production, intends

to add on lager production in the UK for its brands and export them. "We have needed more produc-tion bases," said Mr Peter Bartels, general manager of CUB in Austra-lia. "In the current marketplace you have to have international brands," said Mr Bartels.

British brewers have been unable to export because they have ditionally made draught beers with associations of the British pub. We have developed packaged beers which do not require the imagery of

It is here that Elders IXL believes in can beef up operations, bringing its experience of packaged beers from sing agreements, another — as yesterday exhibited by Mr Elliott — is acquisition. "Elders IXL is the first acquisition." ajor example of the latter route and could be a guideline as to other companies looking to make similar

Lex. Page 24



Elliott takes Courage

BY CHARLES BATCHELOR

opportunity for Mr John Elliott, the barrel-chested managing director of Elders IXL, to establish his company and its Fosters lager as a leading international brand alongside Hei-Elliott clearly admires.

It gives him a British brewing base from which to tackle markets in Europe, North America and elsewhere. Fosters is already sold in 80 countries worldwide but is brewed in the UK under licence by Watney

plans in other areas, but he did hint at increased opportunities for El-ders' finance and trading activities in the UK.

These were given a boost last neken, the Dutch brewer, which Mr February when Elders paid £30m for the financial services and energy business of Rudolph Wolff, the house Forte for about £190m in Ju-troubled UK commodities and fu-ly. Courage had been known to be

Hanson maintains record

By Charles Batchelor

FOR LORD HANSON, the suave airman of Hanson Trust, the Courage sale confirms him as a master at the art of acquiring companies and disposing of unwanted assets at a premium price.

Hanson's £2.8bn acquisition of Imperial Group, which brought Courage into the Hanson embrace, prompted unprecedented criticism of the Hanson strategy. Profits could only be sustained by ever larger bads, and how were these to be financed, the doubters asked.

Lord Hanson's rapid disposal of the superfluous parts of both Impe-rial and SCM, the US typewriters and chemicals company, acquired last January, has given at least half an answer to the critics.

Hanson Trust has recour \$930m (£628m) paid for SCM by the sale of a range of its businesses, in-chiding most notably the Glidden paint operation which went for \$580m to ICI in August. This has left Hanson with the typewriter, titanınım dioxide and other industrial activities, effectively for nothing.

In the five months since Hanson

gained control of Imperial, a thorough review has been under way of what should stay and what should

The first part of Imperial to be sold off was the hotels and restau-The Courage purchase will be part-financed by bank lending, but Mr Elliott plans to extend the banking consortium to 12 markets.

ICI's bulk chemicals divisions merge into £3.5bn subsidiary

IMPERIAL Chemical Industries' re- over the next two to three years to a speciality rather than commodorganisation of its bulk chemical there will be significant econor group yesterday. Despite the mass the process through." Overall, it of detail accompanying the an-was made clear, job losses would be

The four divisions which com-prise ICI's commodity chemical businesses in Western Europe – fer-tilisers, fibres, petrochemicals and plastics and the Mond general merged into a £3.5bn turnover busi-

ICI's normal practice, the new group will be formed into a wholly owned subsidiary company, known as ICI Chemicals and Polymers

Employing 38,000 staff, the group will be based at Runcorn on Teesorth-east England, under the airman of Mond division. There will be major job losses though ICI yesterday refused to

There will be no night of the

nesses was confirmed by the which we will specify as we work nouncement, some questions re-main unanswered. well into four figures though there would be voluntary redundancy as

the state of the s

the new group would be "a very vi-tal part of ICI plc, and we will reness in the future, thereby gaining

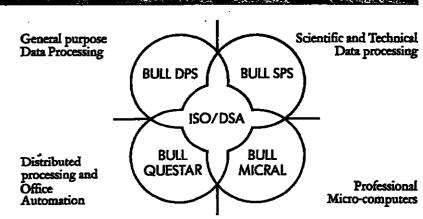
nick to fight their corners in the five or 10 years' time. If the costs proach - as has been commonplace for individual ventures in the past -

> way in which it shows ICI moving away from the chemical industry

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Labour to raise taxes for those earning £26,000

were "myriad" ways in which this could be done, and he pointed to the

chequer. "It would be a very damag-ing package and would mean high-

er taxes for everyone," he said on BBC television news.

It would mean, he claimed, that those on £500 a week would have

their taxes going up to at least 70 per cent. This was higher than in any country in the world and would

lead to another "brain drain" of the

Also implemented during the ear-

of £4.36 for the first child in order to

compensate for the loss of the mar-

ried man's allowance. To balance

they reached retirement age. The intention of this would be to help

talented people from the UK.

BY JOHN HUNT

MR ROY HATTERSLEY, Labour's to an increase in marginal rates of Shadow Chancellor of the Exche queur, made it clear yesterday that people earning £500 a week or more people earning 1300 a week of inter-the equivalent of £25,000 a year-would have to pay "substantially" more in income tax under Labour's tax and welfare proposals which are to be put to the party's annual conference at the end of the month. Mr Hattersley, officially launching the party's tax document that was published some weeks ago, aid these increases would come into effect in the first budget after a

Labour government came to power. The £3.6bn raised annually from the wealthiest 5 per cent of taxpeyers would enable Labour to extend the long-term benefit rate for those unemployed for over a year, to increase weekly child benefit by £3 on by ly life of a Labour government for a would be an extra family allowance and raise the retirement pensi £5 for a single person and £8 for a

But he stressed that he did not envisage obtaining this money by envisage obtaining this money by increasing marginal rates of income tax. It could be done by changing the allowances, and the Shadow Cabinet was now working Shadow Cabinet was now working the paid to older childless couples, and this would be phased out as they reached retirement age. The on details of this. "A reduction in ductable allowances is preferable

Maxwell plans 24-hour paper as London evening is delayed

BY RAYMOND SNODDY

MR ROBERT MAXWELL, publisher of Mirror Group Newspapers, announced yesterday that his Lon-don Daily News would be launched on February 10 as Britain's first 24-

hours-a-day newspaper.

The news surprised staff on the newspaper who thought they had been hired to run a conventional London evening due to start in mid-November to contest the market with the London Standard. Mr Maxwell said yesterday the 24-hour paper, which would cost nearly £20m, was the realisation of "a longexample of the tax reforms now fa-voured by the US Administration.
Labour's proposals came under savage attack last night by Mr Ni-gel Lawson, Chancellor of the Ex-

"Now at last, with modern technology and the more realistic atti-tudes of the print unions, it has become practicable to bring this idea

been reached with the National Union of Journalists and the National Graphical Association for diwith the distribution union Sogat. day
The first edition of the new Lon-

don newspaper would go to press at time as the national dailies. The pathe day, particularly to serve the ing rail, underground and delivery City of London with financial infor-There would be an initial print run of more than 1m copies a day,

About 150 staff, including 100 journalists, have joined the London Daily News. This will now be increased because of the extra detional Graphical Association and the first rect keying in of copy by journal rect keying in our copy in the paper will be published five days a week, but a move to six-day and a second rect keying in the paper will be published five days a week, but a move to six-day and a second rect keying in the paper will be published five days a week, but a move to six-day and a second rect keying in the paper will be published five days a week, but a move to six-day and a second rect keying in the paper will be published five days a week, but a move to six-day and a second rect keying in the paper will be published five days a week, but a move to six-day and a second rect keying in the paper will be published five days a week, but a move to six-day and a second rect keying in the paper will be published five days a week, but a move to six-day and a second rect keying in the paper will be published five days a week, but a move to six-day and a second rect keying in the paper will be published five days a week, but a move to six-day and a second rect keying in the second rect keying in the printing is clearly being considered.

Mr Bill Gillespie, a senior Daily
News executive, said yesterday be methods for the newspar

News were suggesting yesterday that the immediate move to a round-the-clock newspaper may and the stance of the newspaper have been a face-savin would be politically independent and up-market. Mr Maxwell said.

Plants to have electricity price cuts

BY MAURICE SAMUELSON

SOME of Britain's key chemicals and steel plants, which have long compained of paying more for their power than their continental European Companies of the continent that failure to adopt it ting for a third of all industrial consumption.

Most British industrial consumption. pean competitors, are to have price reductions of up to 15 per cent unindustry had been paying over the der a scheme approved yesterday odds even at the present exchange by the electricity industry.

The scheme, to last for three to The Electricity Council, the pow-

The scheme, to last for three to five years, was welcomed by a group of energy-intensive industries which last year told the Gov-

better qualified.

the parents.)

all over the country.

new trading formula.

dramatic rise.

that will attract more people.

would ever have been done so fast.

beginning to flow through the doors.

plants, which cannot rely only on cheap off-peak power, have com-plained of paying up to 20 per cent more than similar continental sites.

1 Ithough we're experienced retailers,

As part of our development of Zodiac's

(And, of course, to their paymasters -

The results of this research are helping

We're finding out just which toys to

But without the backing, management

Already, in fact, the results are

Store traffic is up by almost a quarter. Market share has shown an equally

And figures for the first half of the

there are some areas in which others are even

These children, for example.

80 toy shops we've been talking to groups of them

us rethink our merchandise range and design a

stock, and how to make Zodiac into a hin retailer.

It might all sound obvious now.

and experience of our group, we doubt that it

year (notoriously bad in the toy trade) are the

BA will resume recruiting of pilots

By Michael Donne

BRITISH Airways is to start recruiting pilots early next year for the first time in 10 years and has awarded a £5m contract for their awarded a film contract for their training to British Aerospace, which is setting up a new flying college at Prestwick, Scotland.

BA's first new intake will involve about 100 men and wamen, aged be-

tween 18 and 23. They will be chosen next year, after an extensive advertising campaign, and they will start early in 1968 on an intensive 69 weeks course at Prestwick. They will then move into the airline for

The cost to BA will be about £50,000 per pilot for the college course, with another £50,000 for the

urther airline training.
British Airways says that, with pilots retiring at age 55, the airline will need at least 1,200 new pilots by the end of the century to replace current pilots at present in their

The surline has about 2,000 pilots aged from mid-30s to their 50s, with only a handful of young pilots. BA last recruited pilots through its own training college at Hamble, on the

London and Dublin set up international aid fund for Ireland

THE BRITISH and Irish governments yesterday formally established an international aid fund under the Anglo-lish agreement to pro-mote economic and social development in both parts of tresand.

The bulk of the aid will come from the US, where Congress has approved a contribution of \$50m this year and \$35m for each of the ment in both parts of Irela

following two years. The agreement setting up the in-ternational Fund for Ireland was signed in Dublin by Mr Peter Barr, the Irish Foreign Affairs Minister, and Mr Robert Stinson, the British Charge d'Affaires, and in London by Sir Geoffrey Howe, the Foreign Secretary, and Mr Noel Dorr, the Ir-

Under the Anglo-Irish agr signed at Hillsborough in Northern Ireland last November, the British and Irish prime ministers pledged

to co-operate in encouraging eco-nomic and social development in the parts of Ireland which had suffered most from the instability of As well as the US aid, Canada

> tion is expected from New Zealand. ing the best method of applying for financial assistance from the EEC.
>
> The fund was welcomed by Mr. Tom King, the Northern Ireland

Secretary, and by the main consti-tutional nationalist party in Ulster,

shush fund" by Mr Jim Allister, chief whip of the Democratic Unionist Party. He said Dublin and London were wrong to believe that the Angle-Irish agreement could be made acceptable to Unionists by "greasing Ulster's palm."

Mr Barry told a Dublin press con-

plications to the fund would not be

He said: When the reality of the fund becomes clear and it is seen as a genuine effort to bring about reconciliation, I believe there will be a change in Unionist attitudes."

The two governments will each appoint three trustees and will agree on a chairman to administer agree on a chairman to administer the fund. The names, to be an-nounced shortly, will include prom-nent business figures. Two set up. one in Uister and one in the Repu blic to distribute the money.

Mr Barry said the aid could be

used to finance anything from local community halls to industrial investment and infra-structure iments. Northern Ireland, be ase of the special problems it had quarters of the fund's resources. Mr King said it would give help "of real practical value" and was tangible evidence of the desire of the US and Canada to promote peace and stability in Northern Ireland.

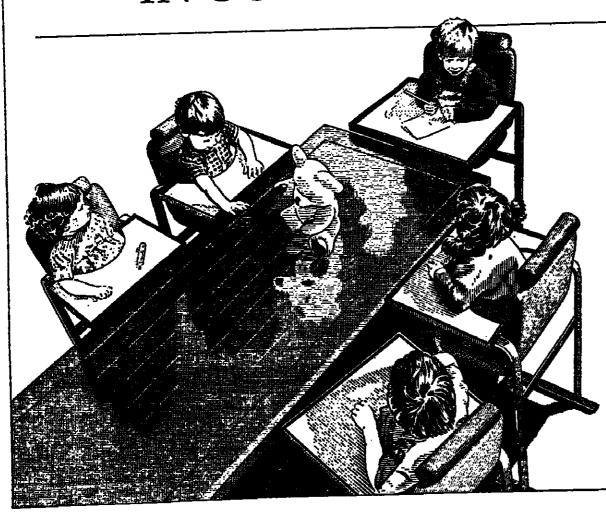
Japanese pleased with investments in Wales

according to a survey by manage manufacture, respectively, video rement consultants. Arthur D. Little,

viewed in the survey, which was cuities in finding specific categories commissioned by the Welsh Develor skilled labour, especially for tech-

ing companies in Wales now have productivity levels as good as, or bettes tign, their plants in Japan.

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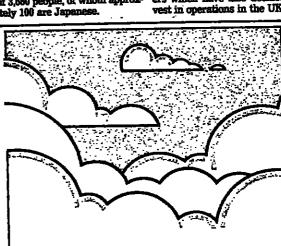
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UK NEWS

Retailers stay optimistic that growth will continue

BY CHRISTOPHER PARKES, CONSUMER INDUSTRIES EDITOR

their best period of sales growth since last summer and expect business to improve further, according to the Confederation of British In-

Clothing and food shops are most buoyant and optimistic, and off-li-cences (alcoholic drink retailers) are also doing well, Mr John Sa-liase, chairman of the CBI distribu-

Confectionery, tobacco and newspaper shops continue to report and August rose more slowly than in Juexpect sales growth below the average for all retailers.

ment - reported strong growth.

He added that traders in main shopping streets and multiple stores seemed to be prospering at the expense of smaller independent

BRITISH retailers are enjoying shops. Some areas which depended increased direct pure

reflected in reports that shops were said their plans for extra capital spend-

spondents in the survey seemed less certain about prospects. They did not expect any increase in capital expenditure, and their sales in ly. Even so, most forecast an improvement this month.

Introducing the latest quarterly
CBI/Financial Times survey of retailers, wholesalers and motor tradmost optimistic about growth, but ers, he said businesses in all areas - farm machinery dealers and supplieven those with high unemploy-ment - reported strong growth. ers of machinery and office equip-ment expected lower sales than in

September last year.
Mr Salisse said the apparent difference between retailers' and wholesalers' views might stem from

Mr Ian McCafferty, head of the Optimism in the retail trade was CBI economic trends department, there were often month-by-

> Wholesalers' selling prices were now rising more slowly than at any time since the survey started in 1983, Mr Salisse noted, although slightly faster growth was expecter

Price increases at retail level had

also slowed down this year but picked up a little during August. shops reported good increases in both full and part-time employment

in the next few months

BUSINESS LAW

Contingency fees could reduce number of expensive trials

Dear Mr Crossick,

Many thanks for your letter, challenging me to say who would pay the losing party's costs in a con-tingency fee system as advocated in this column on August 28. I must apologise for not answering sooner, but I had fallen once again into the hands of surgeons,

Lying flat on my back gave me plenty of time to muse how depress-ing would be the fate of the journalist, sending his epistles unad-dressed into the black void, but for readers who take the trouble to write to pat me on the back, to cor-rect my mistakes and omissions, or imply to vent their disagreemen disapproval, disdain and anger - to all of them, my heartfelt thanks. Now, however, let us address the

question you have raised. First, we gnise that the simplicity gants for whose legal costs, you say, any effective contingency fee sys-tem should provide, must be considered in four, widely differing cate-

First, there is the plaintiff who retains a lawyer on a contingency fee basis and loses the case. The legal costs are the risk which the lawyer undertakes for the chance of a share in the award. You will ask are these merely the legal costs of the plaintiff or also those with which he must reimburse the winning party? This depends on the agreement, but if the plaintiff is impecunious, it would have to provide that the entire costs, plus any award of costs to the defendant, should be met by the plaintiff's lawyers.

Second, there is the unsuccessful defendant. In the US, the home of the contingency fee system, costs are only rarely awarded to the successful defendant. In the UK, however, it is the rule although the award usually covers only about half of the actual costs. The defendant and host on behalf of a company in the lawyer and should be met by the plaintiff's lawyers.

Second, there is the unsuccessful defendant. In the UK, however, it is the rule although the award usually covers only about half of the actual costs. The defendant and lost on behalf of a company in the lawyer and the duty of fair dealing and the duty of fair dealing are analysed in detail.

The prohibited demonstrates that the expertners did and why, donkey's years ago.

But really, Mr Crossick: if you were asked to act for Movitex on a contingency fee basis (assuming this became permissible in thr UK), were that to settle the case without a 71-day trial and without risking that it was contingency fee basis (assuming this became permissible in thr UK), were the beard must have been aware that to extend the case without a 71-day trial and without risking the function of "self-dealing" and the duty of fair demonstrates that the mount of self-dealing are analysed in demonstrates that the mount of self-dealing and the duty of fair demonstrates that it was contingency fee basis (assuming this became permissible in thr UK), were the board must have been aware that to extend the fair was not expressly and fermelly recorded in the minutes.

What I find shriking in the duty of the experiment of the fair that the defendant in the minutes.

What I find s costs are the risk which the lawyer

ant may be somewhat better off after the recent change in the taxation rules of the courts, but he will still remain substantially out of

ر برور در معروب

YLE

SI

KF.

pocket.

An English contingency fee agreement would have to take this into account. If the lawyer was optimistic about the outcome, he would be prepared to underwrite the enportionate to the success of the defence. This would be so calculated as to leave him with a profit when he wins and with a loss equal to total costs if he loses, and somewhere in between if the defence is only partially successful.

It is clear that no content is the lose of the defence is only partially successful.

lawyer would be available to penniless defendants, unless the legal aid fund would promise to pay the con-tingency fee in case of a successful defence.

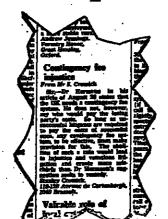
The third and fourth categories are those of unsuccessful plaintiffs or defendants who remain outside the contingency fee systems because they retained a lawyer on a they are now.

You are, of course, right to point out that to abolish the rule that the unsuccessful litigants must pay the costs of successful ones would be a maris personae were either unbackward step, leading to injustice

and facilitating venations litigation.

However, it would be wrong to jump from this to a conclusion that in 1969 and 1973 and which made this rule suffices to eliminate vexa- the contested transactions necestious litigation and to ensure that sary for its survival.
unavoidable litigation is conducted In 1969, Lloyds Bank called in a

efficiently and economically. The parties are seldom familiar Movitex was changing horses midwith substantive law and with the stream; as part of a planned expan intricacies of civil procedure. They sion it sold its Wembley site and may tend to think that truth prevails, never mind the rules of evidence. They may be under the spell of legal mystique and accept what the acquisition of the Edgware ever is presented to them as "the property while it had to vacate its property while its property while it had to vacate its property while its advice of leading counsel." And, hot under the collar, they may be propelled by emotion – be it ambition, ing the Edgware property and lea-



you will not find it too tedi-

would interest you, I believe, pri-marily for his analysis of the law governing the fiduciary duties of di-A simple story, you will say, the

unsecured creditors - with legal costs estimated now at some

That is more than the contr

1969 of a factory at Edgware in London by a company created for the purpose by Mr Albert Perry and Mr R. Bulfield, who at that time were controlling Moviter as principal therebolders and two of its firm of its controlling shareholders and two of its three di-

cise, conducted with the full penothe contingency fee systems be-cause they retained a lawyer on a conventional basis, receive legal aid or appear as litigants in person. They will be in the same position as they are now. tion of Alice in Wonderland. Al-though Movitex board meeting minutes were somewhat estatic, it is impossible to believe that the draaware or unable to inform them-

large slice of its overdraft while

In 1963 the oil price crisis brough Movitex again to its knees. Its plas tie stock-in-trade was suddenly de valued. To overcome the cash-flow problem, Mr Bulfield and Mr Perry ed first £80,000 and then £20,000, secured by the contested mortgages on the leasehold interest which Movitex had in the Edgware

company passed into other hands. Mr Bulfield and Mr Perry left the board. In 1980 Mr Bulfield claimed tion for unfair dismissal

Six years later the control of the

ous if I illustrate my argument by a few words, about, the dispute, he Bulfield and Mr Perry acted fairly tween. Moviter. Ltd and R. W. and in the interest of the company are now practising in Brussels, may have escaped your attention.

The judgment given in this case the second mortgage for £20,000 by Mr Justice Vinelott on July 25 was not properly authorised by world interest you. I believe nri-

at an industrial tribunal, and a few months later the new ma opposed in the High Court the acquisition by Mr Bulfield and his associates first of the Edgware prop-erty and then of mortgages on its

tors of companies. The prohibi- usual post-divorce squabbles about

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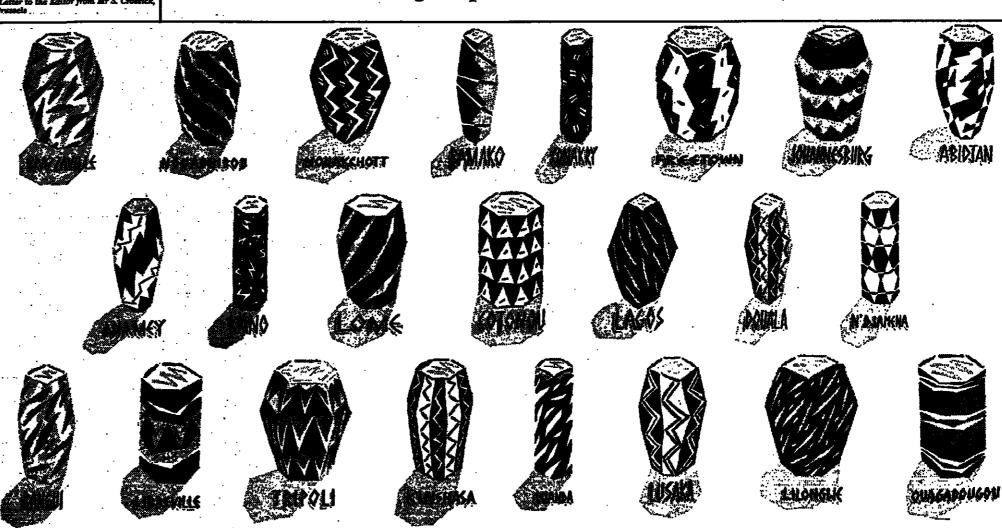
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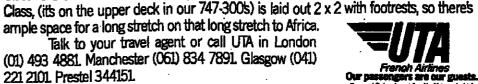
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Advent of Thatcher has brought about a quiet revolution

THE ADVENT of the Thatcher Government seven years ago has brought about a quiet revolution in the property markets.

are more numerous and the following the more numerous and the institu-

in the property markets. ex The policies of disinflation, lower interest rates, deregulalower interest rates, deregula-tion and the reversal of perty cycle is always on the gradualism — that leftward move and the feast of fresh drift to a socialist state — have set major forces at work. Similar forces overseas have added strength to the changes we have witnessed to date.

A strong tide has set in and it is pertinent and wise to consider how much further these forces have yet to travel. He who judges correctly the characteristics and the structure of future markets can read a

The arrival of a tenants market in the three commercial sectors — offices, retail and industrial—after three decades of almost a continuous landlord The tenant is dictating the lease terms, often insisting on early rights to determine, shorter leases, and opting out of responsibility for structural repairs.

We must expect this to conwe must expect this to con-tinue, with the consumer whether as tenant or owner, enjoying a wider choice of space in terms of location, quality and price. Developers have responded to this con-sumer demand, which has been fuelled by high growth in credit facilities now available to both individuals and companies. Banks, including the many arrivals from overseas, are

consumers to see and enjoy. The three most apparent areas of possible over - supply are large dealing floors for the City of London, high-tech and business parks in the Thames Valley and the M25 districts, and retail in many urban areas with the extra out-of-town units.

extra out-or-fown limbs.

The consumer demand in the City is strong and the supply response, although slow to take off, is gathering strength daily. The consumer, in the form of the new financial conglomerates and their satellite professional advisers, may well have overestimated their market share and will be forced to reduce the number of employees and cut space.

Rents are likely to level off and the possessors of older vacated buildings, whether as owners or tenants seeking an assignee, could come face to face with the problem of accrued obsolescence and falls in value. The consequence of the enlargement of "the City" and the acceptance of the fringe is a shift of land radius and this is a shift of land values and this will continue to the benefit of some owners and the detriment of others.

Interestingly, the West End of Banks, including the many arrivals from overseas, are pressing loans on developers, often on novel terms untested hitherto in the UK. Developers range of space requirements in now Norman Bowie on the arrival of 'a truly free market'

underlying strength. If the expected changes in the Use of Classes Order are implemented, the creation of a single values. Overnight the con-sumer choice will be widened computer centres now ranking as offices will be able to be located in a light industrial building.

be located in a light industrial building.

The owners of the mixed industrial estates of the 1960s will reap an unexpected reward. Many of these holdings, which are currently valued on an 11 per cent to 13 per cent basis, will be excellent material for redevelopment. So, again, the consequence will be of an overall levelling of land values. The film or more per acre could well be the historic peak in real terms just as City office values reached their peak in 1973.

The consumer with this free choice will increasingly rank accessibility — both for employees and customers—as a high decision factor and ample car parking a close second. The growth of the car population will continue to exceed that of people and will be an important influence on property values.

The retail scene is no exception to this speed of change, which seems suddenly to have

The retail scene is no excep-tion to this speed of change, which seems suddenly to have descended on us. The super-market, since it first appeared in the mid-1950s, has been through several changes and is now on the move out of the

name to superstore, it has widened its range of goods and pushed up its own car park -some operators requir The recall warehouse is another form of response to consumer demand and the growth in spending power above the inflation rate.

A high street which does not update itself, either due to local authority inertia or physical impediments, will be the loser. Although its rate of loss of spending power could be cushioned by the growth in shoppers' incomes, its inherent value will lose some of its underlying strength and invest-

The high street does offer convenience to nearby residents and for longer hours but the gap in price levels is becoming consumer to jump into the car and save some money with which to buy something extra. The "We ain't seen nothing

syndrome must apply to

the electronic revolution, which have a profound affect on where work and spend their This coincides with the arrival of a property market subjected to less rigid planning controls but still often suffer-ing from an outdated infras-tructure. It has become in-creasingly important for in-vestors and developers to select

those areas where demand is

the services industries adds high street. In changing the likely to remain strong and returns from property, the in-

woken up to the harsh fact that 25-year old buildings are really tired and a new lease of life can be given to them only by a large injection of capital if they are to remain competitive with the new arrivals. Francis Salway's research report, De-prication of Commercial Property, published by the College of Estate Management, has brought out into the open the depreciation.

Rental growth in real terms soon starts to fall away even in relatively young buildings as compared with the latest fin-ished buildings while worse still, investment yields rise to compound the fall in capital values. The proportion of short life components in buildings is still increasing and investors have yet to adjust their views on market values to reflect this fact by religing pields an fact by raising buying yields on new projects.

There is a lack of published information on the relative yield gap between new and older gap between new and older properties and the rental growth (or decline) rates of each of these categories. The latest high in a town is too often used as a base for quoting rental growth rates and to just-ity investments acquisitions at

ify investments acquisitions at apparent unrealistic levels. ipparent unrealistic levels. domestic and overseas econo-In their search for higher mic background and the inevit-

e in recent years. Many yields do not yet re-

there are constraints on supply. Stitutions are increasingly bethere are constraints on supply to 15 year age group. Apart from this, the yield spectrum, looks fairly stable although the 4 per cent end could weaken with further sales and most new money mainly looking for minimum yields around the 64 per cent mark or more.

losses from public gaze but developers depending on 100 per cent loan finance with interest per cent mark or more.

The arrival on any scale of unitisation in any of its projected forms will only increase the supply side to cause yields to rise as a balancing demand for units is not apparent. Low yields are predicting high growth rates and require in effect the payment of a substantial premium often 150 per cent to 200 per cent over the price of a higher yielding property. rolling up, hoping for a tenant on completion and then a quick sale at the end of the day need a good margin to absorb market The investor in property is confronted with market conditions not seen for many a year—a low inflation rate of 2.4 per cent but perhaps due to rise a little; high real interest rates of ? per cent; development re-turns usually below the cost of borrowing, a market in which

The upper third of the spectrum—the high yielders—have undoubted attractions for those borrowing: a market in which tenants generally have a widen-ing choice and a more rapid ageing process in buildings. Business confidence in the future is important and any doubts by the decision makers on moving or expanding will investors, who in particular have further resources to inject for modernisation or redevelopment. The yields will still show a good real rate against any higher rate of inflation. These properties should have a high land value content and be of freehold tenure.

> Stock selection will remain important and sound research is needed into demographic trends and movement of people and spending power, the infra-structure particularly as to

able uncertainty before the accessibility and the effects of coming general election plus property's lack lustre performs such as the Channel Tunnel and Stansted Airport, and local employment trends.

This last must not be over-looked. High unemployment is a sad fact but the workforce is growing in numbers, predominantly in the service sectors. Every 100,000 increase probably requires around 10m sq ft of space, so new and updated space will be taken up if it is of the right quality, in the right place and at the right

Institutional funds should start to take a much closer look at the leisure industry which does and will continue to present opportunities for sound investment with attrac-tive returns. The industry is, by its nature, fixed asset re-lated. Recent moves by prolated. Recent moves by pro-perty companies into football and greyhound stadiums show that selected units have sound ment need not be confined to hotels and the wide range of choice of activity represents a challenge SULVEYOR.

The property market as al-ways presents a field of oppor-tunity for rewarding investment but some degree of caution needs to be exercised because the coming months could well throw up some unexpected adverse factor enough to cause

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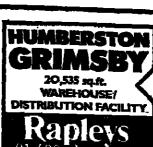
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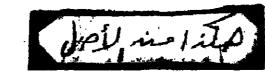
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Appointments on Wednesdays and Thursdays?

Due to the reorganisation of the Appointments Pages, the Financial Times is now able to offer a substantially improved service to recruitment advertisers and their audience.

General Appointments now appear every Wednesday.

Accountancy Appointments will continue to appear every Thursday as usual.

Copy deadlines for the Appointments pages are 3 p.m. on the Friday of the week preceding publication for Wednesday and remain unchanged for publication on Thursday.

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REMARKABLE though it may seem, top managers of most companies fail to realise that there is a direct connection besearch and development and corporate succes the lack of it. All but a few corporate paragons, such as Procter & Gamble, IBM and Citibank, mystify the process of innovation, and fail to deal with it in the boardroom, where it

Such is the complaint of Such 15 the complaint of Richard Foster, a director of McKinsey & Co, the management consultancy, and for many years a strong advocate of the need to exploit technology more effectively.

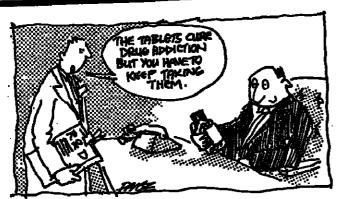
In response to America's rein response to America's re-newed concern with the basics of management, after decades of firting with strategic planning and conglomerate building. Foster has now developed his earlier writings on the subject into a book aimed at helping companies rebuild or sustain product strength.

In "Innovation — the Attacker's Advantage," which was published in Britain yesterday," Foster contends that innovation is a predictable, manageable event subject to economic

Successful companies, whether Successful companies, whether they are producing napples, orange juice, jet aircraft or banking services, understand that, he says. Instead of just waiting for the great eurekas, executives manage innovation as executives manage innovation as an organic part of their business. Their vision is one of change, that the day after to-morrow will not be the same as today. So, instead of merely fine-tuning today's products and services or investing in evermore cost-efficient production, they spend in a calculated manner on an uncertain future.

This is where Foster's wonder weapon, the "S-curve" comes in. It is a cost-benefit analysis, charting the run of a new technology from its pricey infancy as it is conceived and developed, the revenue burst if it succeeds, and the gradual trailing off as it reaches its limits and on as it reaches its initial and its supplanted by the next generation that will replace it. The pattern, plotted on a graph, is shaped roughly like an "S."

The "S-curve" itself is not a new concept. But Foster attempts to unlock its long-held secret: of knowing where each product and service is on the product and service is on the curve, so that one can decide, for instance, when to invest in a new technology, and when to hold back on an existing one because any further input will not yield a proportionate pay-



Towards a less uncertain future

Jane Rippeteau reviews a book on innovation

beard" improvements are not being achieved and that the technical limits of the pro-

• Are there wide difference:

Are there was unrecented in R and D spending among competitors with no apparent market effects? If technology is near the limit, more spend-

ing will not yield a benefit.

Have there been frequent changes in R and D management with ne impact. The problem may not be the person but the limitations placed.

on min or ner.

Are some leaders losing share to smaller competitors in market niches? There may be a new technical approach afoot. This could happen in pharmaceuticals, where ever leak the advances will asset

half the advances will esme in blotechnology even though that sector gets under 10 per cent of the industry's R and

eent or the industry's a sum D funding teday.

Are supposedly weaker competitors succeeding with radical approaches that every-

rancas approaches total every-one else says cannot work? Scotting that a weakling's invention "is impossible" can make a big company into a

duct are near.

on him or her.

FOSTER'S TEN EARLY WARNING INDICATORS

Is there increasing dis-comfort about R&D output among top management? This could be little more than an intuitive sense, but one most companies heed too little or are reluctant to admit.

• Have development costs and delays started increasing instead of falling? This could be misinterpreted as a loss of R&D effectiveness when in fact it signals that product improvements are becoming harder to achieve.

■ Is more process R&D, less product R&D being carried out? This could be a sign of technological maturity. ● Is creativity waning? Signals could be a drop in patents applied for or new products developed.

products developed.

Is there disharmony and discouragement in the labs?

Excitement wanes as technology matures. Foster suggests this mood can often be detected simply by strolling through R&D labs and offices. • Is market segmentation be-coming the key to sales increases? Playing to ever-narrower market segments indicates that "across the

some \$140m on a spanking new to re line of electro-mechanical cash registers. They didn't sell.

The company had failed to recognise the market's shift to a new S-curve: electronic cash registers that were characters. to recognise what the author calls "technological discon-tinuities" is because of current investments. Unfortunately, the time to start moving onto the next-generation technology is usually right at the time when the most recent invention is in the spectacular bloom of its out.

One of Foster's favourite examples of an organisation which got it wrong is National Cash Register, now dalled NCR Corp. Around 1970, NCR spent

a new S-curve: electronic cash next-generation technology is usually right at the time when the most recent invention is in the spectacular bloom of its workers and executives their workers and investors millions in the most recent invention is in the spectacular bloom of its workers and investors millions in the most recent invention is in the most recent invention.

healthy companies may actually be in peril.

Managing the start-up phase is no less trying: the process usually means removing "one impediment to find another," sorting out which of the promising new technologies to pick, and having the guts to cancel products even after substantial investment is made. IBM had such a research com mitment to a new type of electronic technology, the socalled Josephenson junction; its decision to stop development work on the promising new-generation circuitry sur-prised many.

The book raids corporate his-

tory for its examples, and the result is often enjoyable, though somewhat dated and repetitive. We hear about sailing ships, semi-conductors, and how P & G eradicated the "grey dingy look" of domestic washdingy look " of domestic washing with an optical illusion.
Even tyre cord sounds exciting.
In the 1960s, Du Pont, with a large investment in nylon tyre cord, kept turning it out even when polyester proved superior. Celanese moved in with polyester tyre cords and took three-quarters of the market.

"Du Pont didn't lose out because it was unaware of the technical possibilities of

possibilities but because polyester, but because it assumed that, as a corporation, it could control the pace of innovation. It couldn't," writes

Foster. Meanwhile, a new S-curve was Meanwhile, a new S-curve was forming across the Atlantic. Michelin developed radials, entered through the "sports car feel" segment of the market and, despite charging more, grabbed a substantial market share. Now Du Pont is back with Kevlar, and a tiny Austrian company called Lim Kunstoff Technologie has a plastic tyre; Michelin—with all assets in machines to make radials machines to make radials— pooh-poohs the newcomer, says

The book's emphasis on description leaves the reader somewhat wanting on the how-to side. One feels. "Okay. I go along with all this, but how do I do it? What is the secret

There isn't one, of course There isn't one, or course.
The body of the book promotes
a way of thinking that will help
each company develop S-curve
skills, but does not provide However, three appendices do

give specific advice, in the form of questions. They could help or questions. They could help a user identify imminent tech-nical limits, assess the magni-tude of a threat, and carry out an economic analysis of options. For it to work, though, his reader must be one of the few who, in Foster's view, believes. it must be done.

• MacMillano £14.95. 8d seemingly Books, \$19.95.

How Babcock has traded the power of its people

Alastair Guild on the UK boiler company's multi-skilling moves

FOR Babcock Power, it could be said, the writing is on the wall. In bold black and white, the banner suspended across the front of offices at the main gate to the Renfrew plant in Scotland, says it all. "Operation 85/86. It has to work." It is a message hardly in need of re-inforcement, in an area with all too many reminders of the casualties of shrinking markets and flerce international competi-

tion.
Operation 85/86 is the fifth, and most far-reaching "programme of change" agreed between management and unions at Babcock Power since 1979. As its contribution to the deal the company would continue its 440m programme of investment in new buildings and plant. In return, the unions would have return, the umans would prac-to change their working prac-tices, without which, says the company, many of the benefits of the investment could not be

What is being attempted strikes a chord across much of manufacturing industry in the UK. The picture is of management attempting to introduce different working practices at a time when economic and market forces are constantly This leads, for shifting. example, to anxiety among workers that moves towards multi-skilling will threaten the jobs of the less skilled when short-time working becomes to anxiety among

Babcock Power's latest agreement is now being tested as never before as the plant continues to face an uncertain order book, particularly for its main product, large boilers for power stations. As it is, the workforce has fallen by 50 per cent over the past 10 years to just over 2,000. Production capacity was reduced by a further 20 per cent with the introduction last week of short-time working, though both union convenors and management agreed it was the only alternative to more redundancies.

The introduction of short-The introduction of short-time working coincided, purely by chance, with a visit to Babcock Power by the Secre-tary of State for Scotland, Malcolm Rifkind. Both manage-ment and unions stressed the need for clarification of the

done their part to cut product for Operation 85/86: "We tion costs (and production costs have failen by 85 per cent over the past four years) and make the company more competitive. Babcock now awaits decisions to be made "as a matter of urgency, both for the company and the country" on the future present level."

of the UK power programme.

Lord King, chairman of the parent company, Babcock International, in an interim statement at the beginning of the month, was optimistic that an announcement to proceed with a programme for the construction of new power stations in the UK would soon be made. The changes at Renfrew are indeed impressive as, one by one, the brick sheds, some of them dating from the late 1800s are replaced with giant steel-clad highly insulated fabrication doing wo

shops, storage bays, advanced technology machine and assembly factories and packing bays. **Modernisation** Planning of the phased modernisation of the Renfrew works, both to increase its com-petitiveness and to extend the petitiveness and to extent the range of processes and the products it could manufacture, began in the late 1970s. The central principle was that any bay of any shop be usable for any purpose, with each semi-autonomous factory accountable the quility delivery and costs.

for quality, delivery and costs. In the early 1980s, £16m was invested in a new machine and sides finally reached a compro-

would have survived as a manufacturing operation, but not at the size we are now. It was obvious to anyone that without agreement on changes to work-ing practices the investment wouldn't have gone ahead at its

The main sticking point during the 12 months of consultation and negotiations was the introduction of multi-skilling combined with inter-union flexibility. Tasks traditionally carried out as individual skills were to be performed by teams, each with all the skills required for that task. Union boundaries were not to stop employees doing work within their capability. sultation and negotiations was

As employees now require more than one skill, training has been an important element of Operation 85. At any one time, 100 of the 2,300 workforce have off-the-job training, on full nav while same are on full pay, while some are trained on the job. The com-pany expects to spend £2.5m over two years on training. Union convenors also found it difficult to sell the novel idea of a two-year agreement to their members in place of a traditional annual agreement. Babcock unions decided to accept two years, but only with the company guaranteeing no fermed. cwo years, but only with the company guaranteeing no forced redundancies. The company insisted on a one-year guarantee, with the option to create redundancies in the second year. Both sides finally reached a company.

mise of an option for short-time working in the second year, an option the company is now calling up. "We went through a lot of soul-searching before agreeing to a fixed 5 per cent pay increase in years one and two," says Jimmy Gallacher, chairman of the joint stewards committee and convenor of the Boller Makers' Union on site. "Part of the debate was whether it should be inflation-linked. In the first year, inflation was run-

the first year, inflation was run-ning at between 6 and 7 per cent. In the end we recom-

Lord King: optimistic that the UK Government will soon an ce a programme for build-ing power stations

difficulty in getting members to accept multiskilling and inter-union flexibility. But with some key people working full-time, and others having to accept short-time working, the old pro-tectionist feelings re-emerge." Bickerton believes the work-force has recognised that "any force has recognised that "any site has to have a long term viability, and that it cannot continue to run up losses indefinitely. They are a well informed workforce. We have operated an open style of management for the last five years, and they are privy to most types of commercial information. And we have kept everyone up to date with progress one up to date with progress on the current changes through the joint union management steering committee and implementation groups set up in work areas across the site."

Redundancies

But he also recognises that the agreement will become more difficult to implement should no volume orders come through SOOD

The unions say "We went through a lot of dundancies, possibly as many pul-searching before agreeing as 500, are inevitable should no a fixed 5 per cent pay in-volume orders be received for volume orders be received for either PWRs or coal-fired stations by early next year, when the present pay rates are due for renegotiation. These relundancies, believes Jimmy Gallacher, would reduce the workforce below the level of viable production for large hollers for power stations, and unsound, and a large computer mimerically controlled horizontal boring machine. The rest is now being spent on the construction of a heavy fabrication shop and the modernisation of the tubular products factory.

According to Hamish Bickerton. But species of some working and the wages of some workers falling by 20 per cent, we face problems.

"make my job much more difficult. We have a core team here which could produce a 2,000 MW power station. But many other parts of the UK manufacturing industry, a lot of the men who have disappeared in recent years are the ones with the experience which "make my job much more difficult. We have a core team need for clarification of the According to framish bicker. Annual by 20 per tent, we let be peared in recent years are the government's plans for power ton, Babcock Power's director problems. ones with the experience which generations to the difficult to replace in generations to the difficult to replace in generations. They feel they have management hegotiating team with work, there would be no five years' time."

To the Holders of

The New York Times International Finance N.V.

NOTICE IS HEREBY GIVEN that pursuant to the provisions of the above-described Notes (the "Notes") The New York Times International Finance NV has elected to redeem all of its outstanding 12% Grasranteed Notes due 1987 on October 15, 1986 at the redemption price of 100% of the principal amount thereof plus accrued interest to the redemption date. Coupons due October 15, 1986 and prior thereto will be paid upon presentation to one of the agents insted below. On October 15, 1986 the redemption price will become due and payable on all Notes, and interest on the Notes shall casse to accrue on and after that date. Payment will be made upon presentation and surrander of the Notes with the October 15, 1987 coupon attached at the Corporate Trust Offices of Manufacturers Hanover Trust Company as indicated below.

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THE NEW YORK TIMES INTERNATIONAL.

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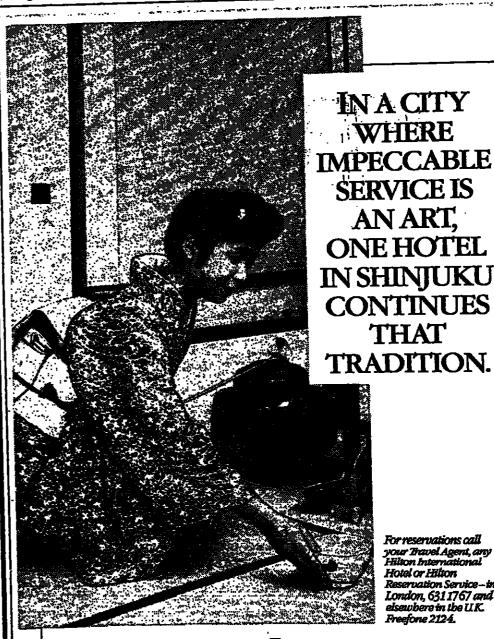
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FINANCIAL TIMES SURVEY

Friday September 19 1986

International Property

• That major institutions, following Ministry of Finance liberalisation of investment

regulations, are turning to "capital investment" rather than redeploying all of their earnings in industrial growth.

That land in Japan is in very short supply and consequently very arregular.

panies for real estate oppor-tunities cannot be rewarded in

Frontiers are dissolving as property markets become

more open to international influences. The

Japanese, in particular, are rising to become

as well as other parts of Europe, Australia and South East Asia.

"It takes the form of a property which virtually removed previous restrictions; and in August there was political acceptance that the political acceptance t a powerful force across the world

Global market evolves

on the world's property markets are multiplying and strengthen-ing. A market that used to be a collection of domestic, often parochial transactions — en-livened by the odd American inis now wakening up to the realisation that cross-frontier deals are available, potentially lucrative and some-times a healthy check on its view of itself.

PHER LE

view of itself.

The traffic used to be one-way across the Atlantic, with American trends coming to the UK and Europe. A spot check in the UK still shows a lot of US influence—a 12.5m sq ft office scheme proposed in Londons Docklands "Jumbo" result parks intitistives in the tail parks, initiatives in the securities markets—but domesincursions of its own.

centrated on suburban or out-of-town shopping centres and they acknowledge that this has left them with little track record in urban retail developthose to study in Europe.

Potentially distorting trends in their office market were also seen last year in Orbit 2, a study of the office market involving of the office market involving UK architects and consultants DEGW. This told them the painful story of office property obsolescence which the UK market learned about in 1963, and began to act upon a couple of years later after an interval of hurt disbelied. Dutch trade paper Vast Goed Markt said in August that Dutch

professional and institutional investors in the previous 12 months had increased their investment in US and Canadian property by over 12 per cent to vestments, more than \$5bn.compared withThese re-

HER

THE

DIR

decline due to the weakness of the American and Canadian dollars, but VGM acknowledged an uptrend which it said was likely to continue in 1988-87. an uptrend which it said was likely to continue in 1988-87. Japan, however, is a country to watch. The Americans said it in October 1985 when the Real Estate Research Corporation estimated, in a study prepared for the Equitable Real Estate Group that foreign investment

By William Cochrane

in US real estate could reach \$10bn in 1986. Co-authors Leanne Lachman and Richard Kately said that foreign investors were active in the US for some time but were now raising their commitments. They included British, West German and Dutch institutional funds Cana-dian developers and "flight capital investors," who go through the Netherlands Antilles and other tax haven

However. quoted Christopher Budden of Richard Ellis who estimated that Japanese trading, invest-ment, construction and insurance companies were involved in transactions which committed more than \$1bn to US real estate during the first seven months of 1985—and that they will be spending at a rate three times as high in 1986.

The authors had a list of reasons why the Japanese, who previously focused largely on industrial and manufacturing businesses, were going into speculative and portfolio in-

said Mr Paul Mitchell partner in charge of KFR's Japanese department.

The proposition has been taken up, with much en-thusiasm, by punters in Hong Kong, Australia, and in the UK property share market, now that enthusiasm for shares in high-priced UK predator com-panies has subsided a little. Those who take notice of such

things will not find it too hard to combine them with develop-ments in the Pacific Basin. In June, Hongkong Land Property, a major landlord of prime office space in the colony, predicted prime office occupancy rates in Hong Kong were going to stay high in the medium term. The company released, at the The company released, at the same time, a new report which said that the colony's occupation costs are the lowest of all the world's principal financial centres—and, for good measure, ranked Hong Kong 41st in a cost of living survey of which Takyo came top.

In Australia, there has been a combination of events which could attract foreign property very expensive.

That land and buildings are seldom sold in Japan, so that the systematic search by Japanese life insurance com-

the domestic market.

In June of this year Knight
Frank & Rutley forecast
further growth of Japanese investment activity in the US and
increasing interest in the UK could attract foreign property investors—those with nerve, at any rate. The Australian dollar-has been unstable and a declin-

World rental levels August 1986

luniont aut rent in Eper sc.ft.po.

ment in property which virtually removed previous restrictions; and in August there was political acceptance that the to shopping centres.

Perversely, the attractions of real estate stand out at a time like this. Mr Rod Samut, a partner of Rillier Parker based in Brisbane, commented after the liberalisation of the investment rules that high yields, favourable exchange rates and the relevation of the Everies. investment Review Board guidelines would heighten foreign interest in Australian

nomic trouble.

Northern European countries such as France, Germany and Belgium to the Mediterranean Basin is still in prospect, judging from the International Council of Shopping Centres conference at the Hague in mid-April, where Italian delegates, particularly, asked a lot of ques-

But the most intriguing property story in Europe, if it is not in Britain with its battle between in-town and out-oftown locations, is probably in Paris. There the battle between similar protagonists seems to be going into the third or fourth

Knowland has set out a scenario where property investment

Mr Knowland lists the achievements of the major UK investor, Norwich Union. first centre in Le Mans is fully let three months before completion and it has a second citycentre development under con-struction in Grenoble, for which H & B have a pre-let to anchor tenant La Redoute. It has a third major iron in the fire with a major forward funding for an extension of a shopping centre in the Parls suburbs in the

foreign interest in Australian real estate.

In Continental Europe, the shift in developer interest from Northern European countries

"If their position in the UK is anything to go by, Norwich may well lead the field into a new generation of retail investment in France." says Mr Know-

> Back in Britain, the foreign investor is also a good talking point. Richard Ellis's Stephen Hubbard thinks that overseas investors have, in the past, viewed the UK market with viewed the UK market with suspicion as they have seen a varied structure of yields, and complex landlord and tenant legislation. Yields have also been viewed with suspicion when compared with other compared peting centres.

However, he says, the spot-light is now increasingly on the UK and, more specifically, Central London, where the continued rental growth "now looks attractive" when compared with the spasmodic performance of other world centres such as New York and San Francisco. It is not just central London. The London Docklands Developthat there is always international money available for a good investment anomaly — in this case a huge area of former dereliction next door to the City of London, which still boasts the highest accommoda-

tion costs in the world.

The LDDC mentions Middle
East money — the Kuwaitis at
London Bridge City and the
Americans at Canary Wharf. But Holland, in the shape of VOM's London Yard residential de-

Overseas interest in US property remains strong. A Dutch pension fund client of Richard Ellis has just paid more than \$60m for Two Penn Centre, a 500,000 sq ft office complex in Philadelphia's business district

are well advanced for a Chinese business and cultural centre on a seven-acre site at Poplar Dock. "By the end of this year, we

Scandinavia is represented by of the LDDC. "It is to be hoped that the UK institutions will in West India Dock, and plans of the LDDC. "It is to be hoped that the UK institutions will not delay much longer in following the lead of foreign investors in recognising the long-term growth potential of

expect also to have major "The opportunities which interests from the Far East and now exist in the Royal Docks Japan," says Alan Wightman, will not be around for ever."

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The UK

Big Bang attraction

In June J. P. Morgan, the fifth largest US banking group, made a bid said to be close to £90m for the City of London Schools site, south of Fleet Street on the western fringes of the City of London.

Morgan's comments suggested that it was making an expensive response to the Big Bang (the deregulation of London's securities markets) scheduled for October.

October.

"We are planning facilities which will provide the high technological environment, large trading floors and operating flexibility necessary to participate fully in London in the new global financial market place," said Mr Lewis T. Preston, hairman of Morgan's board of

Morgan's plans are dwarfed by Canary Wharf. On this site, in the Isle of Dogs enterprise zone to the east of the City, an American consortium consisting of architect/developer G. Ware Travelstead, First Boston Real Estate, Credit Suisse First Boston and Morgan Stanley Intereszate, Creati Suisse Fifst Boston and Morgan Stanley Inter-national is looking at develop-ment costs of £2.7bm for a 12.5m-so-ft office scheme.

reflected the partners' view that the then-conservative proposals of the City of London Corporation would not give them the space they wanted, where and when they wanted it. Credit Sulsse and Morgan Stanley are committed to taking some 850,000 sq ft of Canary Wharf between them.

by revising its draft City plan ations and net income. It has and schemes involving large-scale development around the subsidiaries active in 16 countries and scale development around the subsidiaries active in 16 countries around the subsidiaries active in 16 countries are subsidiaries.

The Japanese, who seem to but has since branched out into he everywhere this year, are architecture, real estate and especially active in London. A development, manufacture and neat-looking deal illustrating sales of related equipment and the wide-ranging Japanese technologies.

Involvement was struck it has been pursuing an recently at St Martins le Grand, aggressive overseas. construc-

ket has increased dramatically in recent years. No one should dismiss the European efforts, like the diveloper Julian Markham, put his Giengate Holdings into partnership with Kumagai sq-ft leisure/shopping centre in the West Midlands and the Dutch fund Rodanco's talcover of Haslemere; but it is the americans and Japanese who re really making the headlines.

In Inc.

The story goes back to october last year when the story goes back to october last year when the sevence it is in and investment programme, particularly in Australia, south-east Asia and the west coast of the US. In Peking it is building a shopping centre and an hotel. The company's total sales are expected to reach \$35m this year and overteen the company's total sales are expected to reach \$35m this year and overteen the company's total sales are expected to reach \$35m this year and overteen the company's total sales are expected to reach \$35m this year and overteen the company's total sales are expected to reach \$35m this year and overteen the company's total sales are expected to reach \$35m this year and overteen the company's total sales are expected to reach \$35m this year and overteen the company's total sales are expected to reach \$35m this year and overteen the company's total sales are expected to reach \$35m this year and overteen the company's total sales are expected to reach \$35m this year and overteen the company's total sales are expected to reach \$35m this year and overteen the company's total sales are expected to reach \$35m this year and overteen the company's total sales are expected to reach \$35m this year and overteen the company's total sales are expected to reach \$35m this year and overteen the company's total sales are expected to reach \$35m this year and overteen the company's total sales are expected to reach \$35m this year and overteen the company's total sales are expected to reach \$35m this year and year and

The scheme aims to transform B & H into a £75m, fashion-led specialist shopping centre. At that time the Japanese were seen to be invading major US cities for their property investments and Mr Markham was congratulated for pulling off a major coup.

for pulling off a major coup.

Then last December Mr Markham and his Japanese a scheme for the flotation of partners snatched one of the City of London's plum development sites from under the noses of some of the UK's biggroups by paying £45m for the groups by paying £45m for the former Post Office headquarters at St Martins le Grand.

Kumagai Gumi UK has gone on from there, buying the freeholds of 41, 51 and 55

Richorguts in the City with

Bishopsgate in the City, with the Canadian Imperial Bank of Commerce. KG's strategy is to establish a portfolio of firstinvestments in the United Kingdom.

More recently, Glengate and Kumagai Gumi said they had sold the Post Office develop-ment at St Martins le Grand to ment at St Martins le Grand to Nomura, also Japanese, and the world's largest securities dealer. Nomura, too, was looking forward to the Big Bang, talking about a space requirement of 1.25m sq ft or more. The partners said after news of this deal that they would be announcing shortly a third joint venture, a smaller retail project outside London.

Kumagai Gumi is among the top 20 civil engineering and construction companies in the world, and the largest in Japan in terms of income from operscale development around the subsidiaries active in 16 com-banking and insurance core tries throughout the world. The area are now moving ahead original business was started in 1938 with civil engineering The Japanese, who seem to but has since branched out into

involvement, the Americans are also deeply committed to the evolution of the UK property

In June of this year Goldman Sachs Interna American-owned Sachs International, the American-owned investment bank, and UK merchant bankers

now to put high-priced inves-ment property in front of a wider investing public. The "Billingsgate float" went ahead and did it, employing a com-bination of deep discount bond and equity components familiar in New York, which is slightly ahead of the London game. Speaking at the Profex con-ference on property investment

ference on property investment soon afterwards, Baring Brothers director Patrick very pleased with the demand it got for the bonds and shares. They believe that there are up to a dozen further prospects which could come to the market in a similar way.

It bears saying that Japanese involvement has to reflect the economic sense of investing anywhere abroad at the anywhere abroad at the moment, in reasonable prospect of a safe home for its money. Also some Americans might be Asso some Americans inight he easily diverted. Their domestic office market is in a state of glut with a national average vacancy rate calculated at 18.3 However Britain, and es-

pecially London, has characteristics to recommend it like Lest year, however, they shot to get hack to that level.

Lest year, however, they shot walue, high demand and bition of space, and Euro-leadership in the construction of space, and Euro-leadershi high value, high demand and absorbtion of space, and Euro-pean leadership in the construc-tion of new office buildings.



CODIC, the Belgian subsidiary of UK company Dixons sold its 7,400 sq metre Rue Moutoyer development in Brussels (left) to VITA Insurance for more than BF 600m. Local developer BURCO presold its 3,800 sq metre block in Boulevard de la Woluwe to a French insurance group, Urbaine UAP for BF 200m, pre-let to Colgate for BF 4,250 per sq metre.

Rest of Europe

Tenant comfort for third generation

THE RECOVERY in the Brussels office market, the incursion of UK retailers into Continental town centres and deCodic. — the Belgium protinental town centres and de-velopment / investments in French shopping centres are among the prime topics in the European property markets this

as an "amazing market" by Mr Michael Bamber, a European director of agents Richard Ellis,

director of agents Richard Ellis, who says that sizeable chunks of office space in Europe's capital city are in short supply for the first time in years.

Some 10m sq ft of a total city office stock of 64m sq ft was left hanging on the market in the mid-1970s. This has worked itself out and Mr Bamber sees an emphasis on tenant comfort and low charges as major characteristics of the new, third generation of Brussels office developments.

Ellis has traced the progression of prime Quartier Leopold rents in the city since 1968, which shows that they peaked in 1973 at BFr 3,750 a sq metre and then took another 10 years to get back to that level.

Codic, — the Belgium property development subsidiary of the Dixons Group — is active in the market but it is not going overboard yet about its prospects. It noted recently that the Brussels office market was showing "some signs of recovery" after 10 years of oversupply.

supply, "From a developers' point of view and against this back-ground, the market still has to be approached cautiously," it

Codic's view was that even Codic's view was that even with the recent rental growth, rents for new space, at the equivalent of £7 per sq ft leave little room for a development profit unless land is bought at a realistic price, building costs are tightly controlled and rent wids are virtually non-existent.

The company says that choice of location is paramount. Within the right locations, it says, there is now a scarcity of sites-which can be bought at a viable price or will obtain the necessary consents. "This is tending to lead to a shortage of new space, potentially fuelling rential growth." it concludes.

retailers into major city centres.

"For the retailers who can identify a successful concept, the rewards in the German market are substantial," he said. "Benetton, for instance, started up their German operations some years before moving into the UK and are now established with the Repattors 012. lished with the Benetton, 012, Tomato and Mercuria names

all over the country." Benetton were followed by many other groups but the trend in the younger fashion market is away from the Italian influence toward the "all-American" look.

"At the upper end of the market the spending power of the German population is continuing to attract interest from well-known names, including leading designer firms from France and Imly," he said. "Among those who have either established themselves

in the market place or have extended their presence in the sary consents. "This is tending to lead to a shortage of new space, potentially fuelling rental growth," it concludes.

From Frankfurt, Mr Chris Charles Jourdan, Cartier, Christoffe, Glauni Versace Chanel and various others Bull-Diamond of Weatherall Green & Smith produced a lets have been taken on a report in which he was opti-franchise basis."

All this, of course, is at the margin. But it is a margin which is very important for the which is very important for the property market, as city cen-tres, faced with competition from out of town, try to held their appeal with the shopping

public. In France Mr Nicholas Know-In France Mr Nicholas Knowland, resident director of
Healey & Baker, in Parls, says
town centre retailers have been
protected since 1978 under the
"Loi Royer" which effectively
halted new major shopping
development caused by tight
regional and national planning lation is to be adjusted, and
this may be a delicate subtest

1970s, before such controls there was a rapid expansion of out-of-town hypermarket and superstore chains as well as development of major shopping centres in greenfield sites. Centres has instructed Realey similar to American develop. & Baker formally to analyse the ments, with major department stores or hypermarkets as anchor tenants.

Strong competition often led Strong competition often led to overdevelopment on a rapid scale which drained city centres of their prosperity. However, the controls helped to turn the tide. Healey & Baker have helped retailers back to the city centres and advised new international incomes such as Boots, Habitat and Marks & Spencer to expand in Paris and the French pro-

But is the tide going to turn yet again? "It has been mooted in both the previous Socialist government and in the govern-ment under Gierard that the ment under Giscard that the protection given to retailers is multiples looking to expand 21.d indeed to the consumer who

this may be a delicate subject before the next presidential

elections."
It seems as if a pot is beginning to simmer. Mr Knowland also notes that the French National Council of Shopping performance of shopping centre

"A full report is due to be published in spring next year," he says. "But from evidence received so far there is every reason to believe that good shopoch institutional market may quickly wake up to the fact that they represent consistent growth and excellent diversification for

William Cochrane

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Japanese gossip is electrifying

JUST AS talks of Arab buyers years, and puncture hotel set London's property market alight a decade ago, so the gossip electrifying Hong Kong's property sector at present is that Japanese buyers are poised to move in.

No one is forecasting a slump of the scale being witnessed in Singapore, but the buoyancy of the past three years is almost certainly on the ebb.

A Japanese company called GGS has acquired two development properties on the edge of Hong Kong's central business district. The hotels subsidiary for All-Nippon Airways is said to be negotiating to build a hotel near Central. And most dramatically, a group called Sun Enterprises has this month paid about HK\$900m for a prime site in Kowloon.

Sun Enterprises is thought to Sun Enterprises is thought to be fronting for a Japanese com-pany, and the purchase, from Sally Aw Sian's Scilla group, comes just months after Scilla won a fiercely contested auction over the right to develop the

The emergence of Japanese buying interest is underphased by a strong yen strangling property prices in Japan, and the need to accommodate the growing Japanese business community using Hong Kong as a springboard for trade with China. It is one of a number of bullish factors that have in recent months buoyed confidence in the territory's property sector.

From these varied signals, cautious optimism over the local market seems justified

Local property shares have needless to say, surged ahead, playing a major part in lifting local stock market prices to record levels. Japanese buyers aside, falling local interest rates have encouraged many of Hong Kong's middle class Chinese families to buy their own homes, while a steady influx of expairiate companies is fuelling the demand for prime office

Set against these encouraging signs is the fact that de-mand for industrial property remains flat, as local manufacturers remain reluctant to com-mit funds to fresh investment, and foreign manufacturing investment remains small.

The hotel market also see to be coming to the end of a bonanza during which occu-pancy levels averaged close to 90 per cent for the whole year. The recent completion of a number of luxury hotels, com-bined with a decline in tourism and shorter average stop-overs, is likely to push down occu-pancy levels over the next three

From these varied signals, cautious optimism over the local property market seems justified. There is no evidence of the euphoria that preceded the property crash of 1982. Instead, the market appears stable, and well underpinned. Hong Kong's office sector showed strong growth in 1985, according to the government's

according to the government's annual property review. Vacancy rates in Central fell to 11.1 per cent, the lowest since 1982, and have fallen even further in 1986. At the same time transforming the territory time, rents have begun to rise. Leading property developers the time transforming the territory from a series of nuclear business and residential communication at 20 per cent increase last year, with average net Already, the railway has played levels reaching HK\$20 per sq ft.

and puncture hotel In parallel with this improvement, a number of development, a number of development of prime space held by Central on Hong Kong Island.

Prime office space is expected to grow by more than 800 per over the Bank of China headquarters equidistant between Central and the Victoria Bearracks site will give momentum to this trend, as will the completion next year of the Admiralty III is always possible in a politically volatile place like thoughton that preceded operty crash of 1982.

Whether the Japanese are coming or not, the mood remains quietly confident.

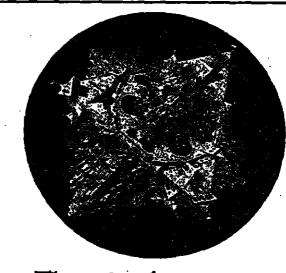
transforming what was untiled 1980 a virtual no-go area for expatriate businessmen.

expatriate businessmen.

It is always possible in a politically volatile place like Hong Kong that upsets can overturn what seems an uncharacteristically firm and stable property deal. Even if upsets occur, the local conviction seems to be that they cannot compare with the political and economic turbulence between 1982 and 1984, when Britain and China negotiated Hong Kong's passage to Chinese and China negotiated Hong Kong's passage to Chinese sovereignty in 1997.

Whether the Japanese are coming or not, the mood there-fore remains quietly confident.

David Dodwell



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The US

East rebounds as Sunbelt hits problems

economy, the property market

has passed from a mood of
strongly reviving confidence to
one in which the outlook is less
certain.

tax shelter business will survive

The first half of the year unscathed for long. brought plunging interest rates, and expectations that tumbling oil prices would inspire a wide-spread revival in US business and industry. Housing markets rose strongly, the eastern states continued to expand vigorously, and even the battered oil and farming states began to see some sign of recovery.

All these factors remain, but the outlook for interest rates and for the economy is more problematical. The oil price alump has hurt many sectors of the US without bringing the boom in industrial property. In the hardest hit of the oil states, the burden imposed by heavy overbuilding in the late-1970s is still there. The Reagan administration's plans to overhaul the tax system would have significant impact on the shelters which have driven the more speculative markets ahead—and not before time in the later of more conservative.

view of more conservative property investors, However, the first effects of a cooler economic climate are a cooler scuttomic climate are probably having a beneficial result on a market that showed clear signs of overheating, according to Mr Gerald Parkes, nanaging director of the US division of property consultants:
Richard Ellis, There are signs
of a alackening in office
property vacancy rates, which
had soared to 16 per cent for
prime and as much as 24 per
cent for secondary properties in

ome areas. Overbuilding had been the Overbuilding had been the market's response in the early 1980s, to unsophisticated buying from some savings and leans (S & L) groups and from tax sheltered private investors. The easy money taps have now been turned down, as the S & Ls find themselves facing a less sympathetic Federal Reserve. Tax shelter investors, already facing substantial losses on vertures in the ail extent

fyii

LIKE SO much of the US sense the hardening political

As property loans have be-come less easy to find, so the yield pattern has moved back towards its traditional shape, Secondary properties are now required to offer yields of about two basis points above prime properties. Twelve months ago, a one basis point differential was enough.

Geographically, the past year has seen some traditional values restored, as well as further development of some of the newer, high-growth sectors, Property developers have prospered best in those states and cities where local economies are most diverse. The single induscities where local economies are most diverse. The single industry states, be the base in oil or high technology, have often paid the penalty as local industry has stalled and the rush of property building in the late 1970s has fallen on empty hands.

Best of all have been the states which have moved away from traditional manufacturing from traditional manufacturing industry and towards the new service-orientated industries. The eastern states, once in danger of being outpaced by the Sunbelt states, have bounced back vigorously. The growth of the financial services industry, now moving into a global dimension, has startingly revived the attractions not only of New York, but now of Boston and Philadephia.

The established intrastrue-

The established infrastruc-ture of these older cities, ence-seen as a possible liability, has proved an increasing attraction to the financial institutions which are the prime customers for commercial property. In mid-town Manhattan, the

tax sheltered private investors.

The easy money taps have now been turned down, as the S & Ls find themselves facing a less sympathetic Federal Reserve.

Tax shelter investors, already have all found ready buyers or facing substantial losses on ventures in the oil states, so ft of new and renovated



The UK company Samuel Properties sold its 200,000 sq ft office building, developed with Sears Holdings, next to Los Angeles airport for \$37.5m to the Japanese Shuwa Corporation. The space was pre-let to Highes Aircraft of the US.

Growth in Boston has been

Growth in Boston has been equally spectacular, spurred on by the city's strong position in the financial services industry, backed up by its role as an international medical centre and now a prominent research and development and high technology base. There has been a substantial increase in new or renovated office property both in the Downtown and Back Bay areas, but this flow will be reduced between 1967 and 1989. This reduction should enable the property market to brush off any sluggishness in the local computer industry and to continue to respond to the vigorous growth of the financial services business area.

business area.

The rebound of the eastern states has coincided with a reappraisal of the once high-flying Sunbelt cities. The problems of some areas, notably the oil states and the mid-western farming states, have gone from bad to desperate and still show little sign of moderating. But the picture is a mixed one, with the more sophisticated local economies weathering the storm better than those which relied too heavily on a single industry. California has remained very

Californian farming, hased on Californian farming, based on supplying vegetables and fruit to eastern US, has fared much better than the traditional farm belt, which is linked to world grair markets. And the state's position as the entry for the Pacific rim economies has fuelled an upsurge in the finan-cial services markets.

finelled an upsurge in the financial services markets.

The brightest spot of the California market is Los Angeles, already the second largest comurbation in the US and swiftly replacing San Francisco as the west coast financial centre. Yet, in spite of an economic hase ranging through vice sectors, the city is still well supplied with available property and a tenants' market prevails in many areas.

About 86m sq ft of office accommodation exists, with a further 4.6m sq ft under construction or available. Richard Ellis estimates that vacancy rates were as high as 17 per situation or available. Richard relies eatier this year, when 12-month rept holidays were offered to new tenants.

But elsewhere in the energy states, fortunes have turned for the better. Dallas, bolstered by its role as a financial centre, is the scene of heavy property leasing activity. But new construction is still heavy and it may be some time yet before the glut is cleared.

For the near term, it seems that property in the heavily overbuilt areas of the energy states must remain suspect.

But there are plenty of bright spots in the Sunbelt residential buyers and has avoided the worst aspects of some past property booms. Los

California has remained very Golorado energy districts. strong, with its diverse industry hase taking in aerospace, technology, financial services and agriculture offering a variety of could take five years to clear,

space in mid-Manhattan last hedges against misfortune. even if the oil industry reyear, vacancy rates are low and while the local energy indusor \$80 for prime sites—
are readily met. even if the oil industry recovers. Vacancies in class A
office accommodation reached
24 per cent in 1985.
The trough has been reached

but the merger trend in the oil industry is now throwing more industry is now throwing more spare space onto the markets.

Much the same could be said of Denver, where new construction has ceased in the central business district to allow absorption of the cumulative weight of overbuilding.

But elsewhere in the energy states, fortunes have turned for the better. Dallas, bolstered by its role as a financial centre.

but there are pienty or bright spots in the Sunbelt. Florida continues to attract residential buyers and has avoided the worst aspects of some past property booms. Los Angeles leads a buoyant California market and etill racing offered to new tenants.

But the picture is still some past property booms. Los Angeles leads a buoyant Caligloomy in the Texas or fornian market, and still racing Colorado energy districts.

Horston, which was wildly overbuilt in the boom days, still foreign and domestic investors.

Terry Byland

Australia

Obstacle course cleared

THE ONLY sound louder than the Australian dollar crashing will make property seem that this summer came from a much cheaper to the outside frightened Government breaking down the obstacle course that had been so carefully prices and the Australian to restrict foreign investors. Some in the restrict sound in the restrict foreign investors are sound to revive ness and some 20 per cent of the restrict foreign investors. tors. Some in the real estate sector were not sure whether to laugh or cry; a weaker dol-lar meant lower returns, but sweeping reductions in controls could open up dramatic oppor-tunities for expansion.

It was the increasingly com-mon fault of worrying too much about current income flows from property investments that brought on the tears. Share prices of many foreign com-panies heavily involved in Australian real estate dipped in line with the country's dollar. But they revived quickly when the raised prospects for long-term growth sank in. As part of a wide-ranging list of reforms to limit the flight of capital overseas and bring new money into the country, the Government abolished the need for commercial ished the need for commercial developments worth more than A\$10m and service projects such as hotels to have at least 50 per cent Australian ownership. It also raised the embargo on foreign investment in completed buildings, although such deals must ctill be sells down deals must still be split down the middle with a local partner. "The changes will dramati-

cities to foreign investors, par-ticularly from Asia," say Australian agents Richard Stanton. Ever under the old restrictive The weak dollar might hit rules, companies such as

cally open up the urban property markets in the major

reasonably soon, according to most analysts.

"The worst should be over," says Mr Frank Charnock, senior partner of Jones Lang Wootton in Australia. The harsh economic policies were a relief to investors now that long-standing problems of declining exports and inflation were being recognised and dealt with, he

Relaxation of investment controls should appeal to the British, who had been so active back in the 1960s, although he does not foresee a sudden surge of foreign funds until the overall economic situation improves and newcomers have spent couple of years testing and learning about the markets.

learning about the markets.

The Japanese may not be so reticent. While the UK and US have traditionally provided the bulk of outside investment over the years, a study by Ballieu Knight Frank (BKF) shows that the tide of interest has been rising from Australia's closer neighbour. Japan provided only around 1 per cent of the country's direct real estate investment from overseas in 1984-85 ment from overseas in 1984.85 but this had risen to 13 per cent the following year, not counting development or purchase of hotels, resorts or financial build-

Jopan

ings such as banks.

oreign investment inflow to Australian enterprises

ness and some 20 per cent of its \$5bn annual turnover is estimated by BKF to come from Activities stretch well beyond Kumagai's main role as a con-struction contractor, taking in equity participation, financial broking and technical advice. It is a pattern repeated around the world as Japanese companies stified by limited opportunities in their home markets chase overseas investments, mainly in joint ventures which link their money with local market expectation.

market expertise. Kajima, the largest Japanese construction group, for instance, has linked with Costain Australia for the first stage of the A\$300m Melbourne Riverside Quay development. It will acquire 50 per cent of the A\$65m twin office tower first phase.

"Many Japanese companies see Australia as a long-term investment, with its mature economy, relatively cheap land prices and high initial yields," says Ballieu Knight Frank.

Growth in Japanese tourism and Japanese banks in Austra-lia have also provided a catalyst for investment. But BKF expects the deregulation of Japanese pension funds' over-seas investment to give an even bigger boost for Australian real estate under the country's own

Private Asian investors also have a yen for big city pro-perty, particularly with yields of perty, particularly with yields of between 6 and 9 per cent for office deals and 8.75 to 10 per cent for industry in Sydney being quoted by Richard Stan-ton. The opportunities seem to be available, too, as institutions divest themselves of smaller properties. Stanton says it has sold more than 40 buildings worth more than A\$220m for one life insurance company.

Sydney has been particularly active in the last couple of years as banks have crowded in years as names have crowded in and top rents have reached A\$500 net per sq metre accord-ing to Jones Lang Wootton. Vacancy levels are also low in all the main cities, although Sydney has a big supply in the pipeline.

David Lawson

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Impresario of the shopping centres

JEAN-LOUIS SOLAL is president of Société des Centres Com-merciaux, a company specialis-ing in the development, leasing and management of shopping centres. SCC created the shopping centre concept in France with Parly 2 in 1969.

The company has designed many shopping centres including the innovative Madrid 2 centre, which turned the urban shopping centre design concept inside-out. It shared the 1984 International Council of Shopping Contract ways of for design ping Centres award for design and shopping centre develop-ment at the ICSC's European conference in West Berlin-

It has won many other awards, which may help to explain Mr Solal's effect on people: some treat him like an impresario while others mutter

The first group may have just cause for their approach. In Berlin, in 1984, an appreciative audience saw a Capital & Counties team, led by Ian Northen, put up a polished and witty performance with the appropriate video show to celebrate C & C's sharing of the ICSC reward for its Ridings centre in Wakefield.

When the applause died down

centre in Wakefield.

When the applause died down our abortive international extension plans for the 1970s.

When the applause died down our abortive international extension plans for the 1970s.

"I began by saying where there is a will than the saying the s

Mr Solal needed no sympathy. He milked it for all he was worth, describing each phase of the Madrid 2 development, and at the end of each, calling the team member responsible on stage to be embraced, constant applicated—and applica lated—and applauded, again and again. It was a moment of

Profile

Jean-Louis Solal

A doyen of ICSC, Mr Solal took his team to Madrid for the 1985 European conference where they attempted a five-hour dissection of Madrid 2. The concept was laudable, paying tribute to the conference venue and giving more denty to the and giving more depth to the development. But it was a mara-thon, even for this conference where the delegates actually go to the conference, listen to the papers, and talk about them afterwards.

Some may have resented the time it all took. If they did, they were not listening to Mr Solal, who was scathing about himself and his team when he talked about the years when they were earning their spurs in the international property development

"We found out the hard way" why property development is not often an international business he said. "Over the years we demonstrated no expertise,

"I began by saying 'where there is a will, there is a way;' later it became 'when there is a bill, I am away."

He can be crushing. At Madrid one lunchtime, Mr Julian Markham of Glengate was holding forth on the risks of retail warehousing: "I'm not keen on retail warehouse complexes as a long-term invest-ment," he said. "They could be a good thing for maybe five

The centre has been a clear success and Mr Solai was last heard of planning a higger, better version at Massy, south of Paris. However this, he has been careful to say, is a shopping centre of the fringe, not the mainstream, where shopping for pleasure is most definitely "in."

He put it this way, introduc-He put it this way, introduc-

a warehouse again."

ing the Hague conference: "The age of functionalism is gone; the Bauhaus aesthetics are gone. It's impossible to have a shopping centre with one roof and four walls and make it pay.

"What we want in Europe is absorbed a shopping centre with an eroof and four walls and make it pay. less a shopping centre than a covered urban street—a cele-bration of life."

William Cochrane

Hammerson group's 1.5m sq ft Bow Valley Square in Calgary, Canada Calgary, Estates' \$6m high-tech developme<u>nt</u> in Diego, in the US, indicate UK interest in trans-



Currency shifts bite

HAMMERSON Property Investment and Development, the third largest property company in the UK in terms of market worth, is one of its most inter-national, with less than two-fifths of its £1.51bn portfolio in its home country.

However, wild fluctuations in currencies over the last year have led to the shares being nave led to the shares being rather dull performers in spite of the emphasis on high quality shopping centres and city centre office blocks. Net asset values dropped 110p a share to end 1985 at 559p—and this in a year in which a net addition of £148m was made to the investment land bank.

The changes between 1984, when the portfolio was valued at £1.58bn, and last year reflect the impact of currencies as much as shifts in the group's strategy. At the end of 1985, some 37 per cent of the group's investment and development properties (£557m) were in the UK compared with 33 per cent in 1984 (£511m).

Canada was the next largest national element with 31 per cent (£468m) against £561m (36 per cent). Australia and New Zealand accounted for 16 per cent (£243m) against 20 per cent (£312m) and the US some 12 per cent (£167m).

The strategic change that has taken place is reflected in the growth of the smallest regional component — Continental Europe — which has risen more than sixfold in value to £55m from £9m and now accounts for 4 per cent of the total.

A large part of this European increase came last September when Hammerson spent £31m on the ICI Pension Fund's Paris collection. While the shares-for-property deal brings in the ICI pensioners as 5 per cent stake-

Profile

Hammerson

holders in the group there were several analysts who thought the French buy was a "bit of

a mixed bag "ranging from a two-acre warehouse at Les Mar-delles to an elegant 260-year-old building in the Place Vendome. In Germany the hunt is on for further acquisitions following the acquisition of 74,000 sq ft of retail space in Cologne, according to Mr Sidney Mason, Hammerson's executive chair-

Stores in Essen and Bremen were acquired in July for £30m from Hertie, one of the country's leading retailers, which is selling properties now that it is mainly owned by a charity.

The spread of rental and The spread of rental and property trading income further indicates the depredations of currencies. Canada was the largest single source of income with the total reaching £51.95m (a 11.1 per cent return) thanks to the contribution of the Rank City Wall portfolio. The UK chad a combined income of £48.3m (an 8.7 per cent return on the portfolio) compared with £33.47m (6.5 per cent) in the previous year.

This year ing Hamm £47.5m of p

Mr Selwyn Jones of Rowe & growth."

Pitman Mullen, "the investment portfolio offers sub-

stantial reversionary potential." Many of the group's provincial shopping centres in the UK are ageing and due for modernisation and rent reviews are due on several prime London sites.

Warning signs, however, are the increased rate of capitalised interest -- payments -- up to \$23.6m from £18.9m - and the rising overheads connected with managing the investment portfolio. Net rental income was virtually unchanged in 1985 over 1984 because of the 30 per cent leap in outgoings. Mr Jones says,

Hammerson has made pro-Hammerson has made progress in reducing debt levels. The total was down from £522m to £459m by December 31 and the ratio of short-term (within five years) was reduced even more. Net debt was the equivalent to 28 per cent of assets, and to fund the £102m capital spending plans for this year the group became in May year the group became in May the first property company to announce plans to tap the commercial paper market, aiming for £100m.

In terms of major ongoing projects, Hammerson has a C\$34m renovation project at Square One, Missigauga, Canada; a major shopping complex and office block in Los Angeles; plus the River Plate and Dominant House schemes for the City

This year Mr Jones is expectthe previous year.

This year Mr Jones is expecting Hammerson to produce £47.5m of pre-tax profits which a fall in interest payments should help. The strong undermore than 8 per cent previously. In the US the income located, good quality investment against £14.6m (8.75 per cent) against £14.6m (8.75 per cent). assuming exchange rates remain stable, this will translate

Terry Povey

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Immobilière Orion Canada Inc. Suite 820 - 615 Dorchester Blyd West Montreal, Quebec N3B 1P5 Tel: (514) 866.29.95 - Telex: 055.61435 lebo cyt mil Slumbering giant roused to action **Profile**

property investment Rodamoo has roused funds, Rodameo has roused comprising the US\$6bn Robeco fitted into action this year. In Group.

March the Dutch investment Baron Van Slingelandt, mantured trust pounced on Haslemers aging director of Rodameo, says because prime property is rarely sold to foreigners.

Estates, the UK developer, interior in the fund is considering investing a significant expansion in the Far East in a bid to fully round out the geographical spread of its portion of the already attractive property. The Sydney real estate in a walket as convention of the already attractive property.

folio.

Before absorbing Haslemere, Rodamco had about 45 per cent of its assets in the US, 52 per cent in Europe and a modest 3 per cent in the Pacific Basin. The surprise takeover has weighted the portfolio too much toward Britain, which now accounts for about 40 per cent of the investment portfolio. That share gradually will be trimmed back to 25 per cent by selling some of Haslemere's properties.

"A good international spread across the strongest open economies is our major long-term strategy, while financing in local currencies may also offer protection." Rodamco told shareholders in July. The geogra-phical balance is aimed at reducing economic, political and currency risks.

invests directly in commercial property and to a minor extent in other real estate funds. Most Rodanco

in other real estate funds, Most investments are in offices and shopping centres in large cities of developed countries, particularly those with a well developed property market. The oped property market. The among property investment the handful of investment trusts funds. comprising the US\$6bn Robeco

of the already attractive property. The Sydney real estate market is considered quite professional, rents are fully linked to inflation and the

warancy rate is low.

But Baron van Slingelandt admits that Rodamco is "more than concerned" about the troubled Australian economy. which has been battered by years of depressed commodity prices. The balance of pay-ments deficit has widened and the country recently had its international credit rating

Regardless of the decision on Sydney, Rodanco will continue to look at Tokyo and Singapore. Rodanco already has gained some experience in the Pacific basin through its small shareholdings in other real estate funds: Schroder Darling of Australia; Mitsubishi Estate of

Japan; and Singapore Land of Singapore.
The Dutch fund insist that

it wants direct control over any new properties in the Far East because the countries are so complex and individualistic. "Japan is very difficult to enter and Singapore is overbuilt so it is not easy to find property," notes Baron Van Slingelandt. Rodamco has said it would consider a joint venture with a local Japanese investor because prime property is rarely sold it wants direct control over any

a small stake to test the water in a market as competitive as London. If this proved successful then the stake would be

Rodamco is looking carefully at the Haslemere portfolio to determine what to sell. The large size of the portfolio, about 200 properties, has made this a slow process.

Baron Van Slingelandt indicated that the most likely candidates for disposal would be outside London or on the periphery. "The city is booming," he says.

ing," he says. The UK company's reputation for refurbishing of older buildings fits in well with Rodamco's activities. Redeveloping outdated buildings in West Germany has proven successful for Rodamco and more upgrading Rodameo and more upgrading is planned for the US.

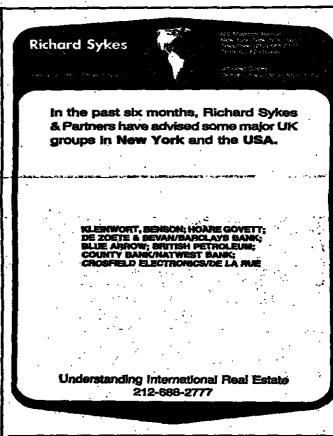
Negotiations are going on in both countries to acquire fresh property, probably including older buildings. Offices and shops seem likely targets in an effort to keep the current balance roughly the same: 54 per cent offices, 41 per cent shops and 6 per cent industrial property.

shops and 6 per cent industrial property.

Although Haslemer drained much of Rodamco's liquid assets, plenty of funds are continuing to roll in from Ro-Totaal, a new basket fund covering all of Robeco's other trusts. Ro-Totaal's assets have soared since its introduction last January and 25 per cent of these go to Rodamco. Some disinvestment in the UK and the US will also provide fresh funds.

Greater geographical spread, however, also carries the risk of currency fluctuations. During the fiscal year ending June, for example, the plunging US dollar limited the rise in total investlimited the rise in total investments to 4 per cent (F1 1.661hm).
The revaluation reserve fell by
F1 25m in 1985-86 compared
with a F1 104m rise in the
previous year.
But despite the weak dollar,
Rodamco still expects net asset
value to climb again this year
after spurting 14 per cent to
F1 2.2hn last year.
Like the other investment

Like the other investment trusts in the Robeco Group, Rodamoo keeps its share price continuously in line with net asset value by issuing new shares and buying back old ones in line with domand.



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TECHNOLOGY

Watch that gets message across

Terry Dodsworth, Industrial Editor, looks at how US system could revolutionise paging

YOU ARE a widget manufactory been chosen as the device to retically, if the service catches synthesiser which controls the turer in New York and you have pick up the signals because it is on in the US, where AT & E is watch and presents the just sent your best salesman to an instrument which is carried automatically by almost everytant deal. Only an hour or so before he is due to see the customer, you dig up information that you are sure will give the US is to transmit over a time the edge in the negotiations. But he has already left his hotel room and you have local radio stations. An his hotel room and you have no idea of how to contact him:

This kind of problem could be solved if a new and revolutionary paging service now being developed with the help of Ple ssey, the UK electronics company, gets underway as

You would call a special number and ask the operator to put out a radio message to your salesman. The message would be transmited in the appropriate area. Your saleaman would hear an urgent beep on his wristwatch and switch on a display mechanism. He would then read a message on the watch face telling him to call you—and if he did as he was told, the order would presumably be yours.

The concept of the "pager" wristwatch is deceptively simple. AT & E Laboratories, a three-year-old Californian company, has devised a system that will allow subscribers to send out messages to anywhere in the US. The wristwatch has

AT & E's novel idea for achieving blanket coverage of operator in the pager system who has received a message from a subscriber will be able to put it out as a radio trans-mission in the area where the person wearing the target wrist-watch is based. If the wristwatch is based. If the wistwatch from New York to Los
Angeles — all he has to do to
continue to receive messages
is to inform the system so that
the ensurement because in which

the operator knows in which area to transmit. AT & E, which is quoted on the NASDAQ over-the-counter stock exchange in the US, and is backed by private and institu-tional investors on both sides of the Atlantic, says that it has already demonstrated the tech-nical feasibility of the project.

It has also begun to sign up local FM radio companies to the system in the US, and is shortly expected to choose two watch companies—one in Japan and another in Switzerland—to make the wristwatches. Theo-

aiming for a launch in early 1988, it could be expanded to anywhere in the world.

The key to making the system simple to use is the wristwatch receiver. Wristwatches, as one of the participants in the project observed, are virtually universal commodities, put on in the morning by most people before their clothing. Entry into the system, therefore, could scarcely be easier, and the new device will continue to perform normal watch functions—indeed, it will have an additional feature in that it will automatically adjust for changing time zones via

information transmitted along with the messages. Achievement of the miniaturisation of the electronic compo-nents going into the watches is the responsibility of Plessey, which has signed a \$750,000 development contract with AT & E for work on the two integrated circuits which form the heart of the "receptor" wrist-

Plessey turned to bipolar circultry, says Mr Brian Hyde of Plessey Semiconductors, because of a technology it has developed for on-chip reception using a device called gyrator filters. This approach allows a external components to virtually nil, effectively providing a single chip radio receiver which can operate at very low

The second chip, proprietary to AT & E, uses CMOS tech-nology to decode the radio signals, filtering out unneces-sary noise to extract the essential information.

The chip designs, says Plessey, will mean that the watches will be no larger than standard electronic wristwatches, while battery life should be at least a year and possibly much more. To help prolong battery a year and possibly much more.
To help prolong bettery
strength, the watches will be
programmed to "power up"
every six or seven minutes to
scan very briefly for a message.
The rest of the time the
receiving mechanism will be

messages. Present plans envisage a display of about ten characters in length that can be scrolled around to give a read out of up to around 24 characters. Messages will therefore have to be simple, requesting the wearer, for instance, to call the office or contact someone. There will be a storage capacity for up to ten transmissions.

To the time being, neither

For the time being, neither AT & E nor Plessey is making a firm forecast of the market Plessey's design entails an every six or seven minutes to scan very briefly for a message. The rest of the time the signals—and a bipolar circuit for receiving mechanism will be signals—and a bipolar circuit for receiving the messages. The second chip is a decoder and every six or seven minutes to for the receptor system. But they are both clearly hopeful that it will catch a leading position in the paging market, and to begin with the device is being second chip is a decoder and every six or seven minutes to for the receptor system. But they are both clearly hopeful that it will catch a leading position in the paging market, and to begin with the device is being a firm forecast of the market for the receptor system. But they are both clearly hopeful that it will catch a leading position in the paging market, and to begin with the device is being aimed at the professional market which already supports

It is likely that the watches will be leased, probably at a charge of around \$200 a year, with a cost per call of about 25 cents. If they start at that level, and if the market catches on to a degree that allows prices there is no reason why Mum should not be using the recep tors to call little Jim into

Simple safety for new Audi 80

By John Griffiths

PROCON-TEN might sound like a capsule for reducing cold symptoms. But its purpose is actually to save lives. Even Dr Wolfgang Habbel, chairman of the management board of West German car manufacturer Audi, the upmar-ket sister company of Volka-wagen, is not too happy about the name, and has been offering prizes within the company to anyone who can come up with something more graphic or

illustrative. But he is certainly happy about the system itself, which is being offered as an optional

tirely mechanical system which, unlike "primary" systems such as anti-skid braking or four. wheel-drive, comes into play when an accident has become unavoidable.

The acronym stands for programmed contraction-tension.

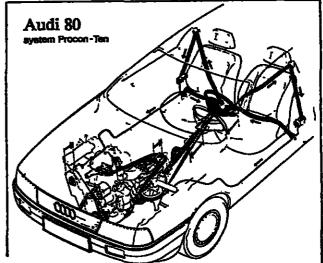
As the diagram shows, it operates via three strainless steel cables. One end of the main cable is connected to the telescopic steering column, loops forward round the gear-box studies are standard to the new Audi 80 specific steering to the strainless of the system is not to be fitted as standard to the new Audi 80 specific steering to the system is not to be fitted as standard to the new Audi 80 specific steering to the system is not to be fitted as standard to the new Audi 80 specific steering to the system is not to be fitted as standard to the new Audi 80 specific steering to the system is not to be fitted as a result of seatbelts and other safety systems reducing accidents overall, head injuries sustained through severe from a larger proportion of injury statistics. box, and is then attached to the range. It will be an option on body monococque. The other all models, at a cost in West two cables follow the same route Germany of around DM 300. as the main cable from the body Its price in other markets has attachment point—but are then yet to be fixed.



connected to the retractors of the inertia reel front seatbelts. The result is an entirely mechanical, virtually fail-safe system of "why didn't I think of that?" simplicity. It is intended to reduce head injuries. In a severe frontal crash, in-volving impact at 25 kph upwards, the engine/transmission unit is pushed back into the body. With the gearbox mount-ing acting like a capstan, the cables are pulled to the rear, and those attached to seat belts and steering columns are yanked forward. Thus the seat belts are tensioned, instead of merely locked under inertia, and forward movement of the firment on the new Audi 80 body is greatly reduced. The saloon car range shortly to go on sale throughout Europe.

For once, electronics are not involved. Instead, it is an enline of the saloo all but eliminated.

system after it became clear that as a result of seatbelts and



Philips widens scope of US joint venture

PHILIPS of the Netherlands and Control Data Corporation (CDC) of the US, which already operate a joint venture called Optical Storage International (OSI) to

WORTH WATCHING **Edited by Gootf Charlish**

narket optical disks and essociated equipment, have videned the venture to unbrace magnetic storage as

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TIES

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A new company, Laser Magnetic Storage Inter-national (LMS), encompasses the OSI business in Colorado Springs and the CD-ROM disk read only

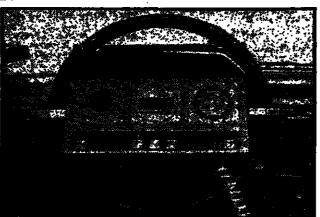
memory) activity of Philips, as well as operations of CDC's magnetic tape subsidiary, Computer Pertpherals, in the US. LMS is 51 per cent owned by Philips, 49 per cent by CDC.

ENGINEERING PLASTICS will continue to displace metals, particularly in the automotive industries, according to Frest and Sullivan, the Lendan/New York market research company.

F & S believes the market will rise from \$2.58ha in 1985 to \$2.72hn this year and will increase by nearly 50 per cent by 1990.

The European Market for

The European Market for Engineering Plastics, \$2,460, Freet and Sullivan, New York (212 233 1680) and London (01-730 3438).



Schenek's in-car wheel balancer: Short-cut to a

建设施工程的设施。这个种类的。对于对于实际中的 The state of the s

CONDENSATION IN buildings, or whether it is about to occur, can be determined quickly and easily with a hand-held instrument from Protimeter of Marlow, Bucks, UK (96284 72722).
Called the Condensator, the unit, with its integral sensor held against the surface to be

tested, will instantly compare the dew-point temperature (a measure of the amount of moisture in the air) with the temperature of the surface. It then calculates whether or not condensation is taking place (thus distinguishing the surface's condition from, say, rising damp).

Ouicker route to a better balanced car

BALANCING where simpler and quicker and can be carried out at the driving wheel in the jacked-up car using a new system from West German company Schenck. The system is available in the UK from the chartest weather the system is available.

available in the UK fram Technical Marketing Services, Southampton (0802 785698). The front axies are Iswered on to supports that are equipped with sensors that measure speed and out of balance forces. The sensors are cable connected to a display board that clips over the steering wheel and is powered from the cigar lighter. The from the cigar lighter. The wheels are driven by the car's

engine,
After quickly calibrating the system using a simple kneb adjustment and a dis-play, a second display shows what weight is to be added to

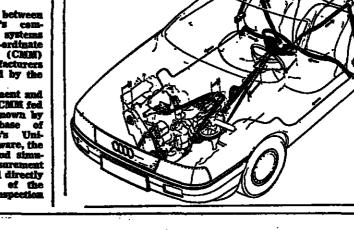
Committee of the second

the 360 degree periphery it should be placed. The system costs £1.994

FACTORY LINKS between McDonaell Douglas's com-puter-aided design systems and programmable co-ordinate measuring machines (CMM) from various manu have been announced by the

With the measures al data of the CMM fed into and therefore known by the software database of McDonnell Douglas's Unigraphics II CAD seftware, the user can generate and simulate co-ordinate measurement programmes that will directly control the actions of the CMM for a specific inspection

weeping and the war and



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NEW ISSUE

16th September, 1986



Postipankki

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Gulliver would have liked Schott's chemistry set.

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19th September, 1986

THE ARTS

Arts Week 18 20 21 22 23 24 25

Music

LONDON

Chorus conducted by Richard Hick-ox. Brahms, Kodaly and Rossini. Barbican Hall (Tue). (538 8691). radous of St. Martin-in-the-Fields conducted by Sir Neville Marriner with Marchael Marriner

Cartyli Watanson, negar-sopra Robert Tear, tenor and Benjan Luxon, bass. Tippett Royal Festi Hall (Tue). (928 3191). hillarmonia Occhestra cooducted Giuseppe Sinopoli. Mahler 6. Roys Festival Hall (Wed). andos Symphony Orchestra conduct ed by Christopher Adey with Mal

Christopher Adey with Mal-Binns, piano. Dukas, Tchai-y, Rimsky-Korsakov and Si-Barbican Hall (Wed).

ender Symphony Orchestra conduct-ed by Maxim Shostakovich with Lynn Rarrell, cello. Shostakovich

Mozart Albinoni, Barber Seint-Severin Church

(4633 8761). historie de Paris conducted by Den-iel Baremboim, The Orchestra de Pa-ris' choir conducted by Arthur Old-ham to calebrate the choir's 10th an-

liss: (80 91 26). (The). Slass: Stabilimento Ansakio (Via Tor-tona, 58): Beethoven and Francaix

Milen: Duomo di Mileno: Beethoven's Missa Solemnis conducted by Carlo Maria Giulini, with the soprano Barber Hendricks, contralto to Anne Sjevano, tenor Josef Protschka and bass Robert Holl on Wed. (On Thurs at Teatro alla Scala). (80 91 26).

lands Philharmonic, with Maria Tipo, piano. Honegger, Mozart, Haydn, Ravel (Tue). The Philip Glass Ensemble (Wed). (71 83 45). Rotterdam, De Doelen. The Rotterdam Fhilharmonic under James Conlos, with Frans Helmerton, cello. Dvo-fik, Britien, Ravel (Thur). (414 29 11).

thoven, Debussy. Brahms Saal (Tue).

NEW YORK

hek Perman violin Corigliano, Bartok, Brahms (Tue); Zubin Mehta conducting Andre Watts plano. Husa, Schubert, Liszt (Thus)

ham Wyler's 1936 feature, Dods-worth, and Erich von Stroheim's The Wedding March, part of the subtle shift that is seeing more American films in a festival once

Merkin Hall (Goodman House): I Can-tori of New York, Works by Richard (Mont: Barbera Long violin recital) with Albert Lotto piano. Besthoven, Prokoviev, Brahms, Falla (Tue); Gojiard Concerts. Patricla Handy conducting, James Blanton tener, Schiltz, Schubert, Stravinsky. 67th w. of Broadway (362 8719).

Norman soprano, Ana Mutrey mez an-ropram, American man Johnson tenor, Hans Sotin bess, and Chicago Symphony Chorus directed by Mar-garet Hillis. All-Beethoven pro-gramme (Wed, Thur). (235 6111).

zart, Brahms, Hitomi Memoria Hall Shows Women's College, Sang enjaya (Mon). (262 7141).
NHK Syssahony Orchestra. Conductor: Wolfigang Sawallinch, soloist Bernd Weikl, Mozart, R. Ströms, Schumann. NHK Hall. (Wed, Time).

travelled well from Broadwa (437 7373 (CC) 734 8961). hilliance (Lyttelton): Tom Stopper new version of Schnitzler's Liebel is a crushing disappointment on

is a crusning disappointment only partly redeemed by Brenda Blethyn as the ruined working girl. A theat-ricalised travesty of the work adds to the confusion of middle-aged ac-

to the common of minute-agen ac-tors playing boyish dragoous in Pe-ter Wood's mushingly respectable production. (928 2252).

Lend Me A Tenor (Globe): Fresh and

inventive operatic farce by new American author Ken Ludwig set in Cleveland, Ohio in 1934. Dennis

Orchestra, conducted by Evgeny Mravinsky. Shostakovich, Tchal-kovsky. Hitomi Memorial Rall, Sho-wa Women's College. Sangenjaya. (Thur). (235 1661).

Theatre

and Juliet (in Japanese important new production directed by internationally known Kabuki fe-male impersonator. Tamasahuro Bando, starring Hiroyuki Sanada and others. Sunshine Theatre, Insb-

Cats (Winter Garden): Still a sellout, Trever Num's production of T.S. &-lict's children's poetry set to trendy music is visually startling and choreographically felline, but classic only in the sense of a rather stald and overblown idea of theatricality.

and overblown idea of theatricanty. (239 6262).
End Street (Majestic): An immodest celebration of the heyday of Broadway in the '30s incorporates genus from the original film like Shuffle Off To Buffalo with the appropriately brash and leggy hoofing by a large chouns line. (977 9020).
A Cherus Line (Shuhert): The longest-running musical ever in America

NEW YORK FILM FESTIVAL

The 24th New York Film Festival will have 26 films ranging from Sid and Namey by British director Alex Cox to No End, Polith director Brayastof Kleslowski's view of life under martial law. Bertrand Tavernier's Ro Bertiand Levernier a mouse Midnight provides an elegy to the jasz era and Denys Arcand's French-Canadian feature The Decline of the American Empire takes the battleground of the war between the sexes. The festival's first Talwacese entry is A Time to Live and a Time to Die, Hou Helso-below's autobiographical

tronywood states new value premiering at the festival, with Jim Jaramusch's Down by Law opening the event on Sept 18 and Francis Ford Coppola's Peggy Sue Got Married ending it on Oct. 5. Alice Tully Hall, Lincoln Conter. (262 1911).

has not only supported Joseph Pepp's Public Theater for eight years but also updated the musical a Cage anx Felles (Palace): With some tuneful Jerry Herman songs, Harvey Fierstein's adaptation of the

some tuncial yeary
Harvey Fierstein's adaptation of the
French film manages, barely, to capture the feel of the sweet and blansichal between high-kicking

sic rescues this sedentary version of Huck Finn's adventures down the Mississippi, which walked off with many 1965 Tony awards almost by

Pump Beys and Directors (Apollo Cen-ter): Facetious look at country music and down-home country life with a good best and some memorable ially one played on kit-s has proved to be a du-Chicago hit. (935 6100).

side Denis Quilley in the transver-tite show for all the family. Weak second act, less than vintage Jerry Herman score, The show has not

Lewson and Jan Francis lead an en-ergetic company in mistaken iden-tity romp, while Verdi's Otello car-ries on regardless. (437 1592) Then We Are Married (Whitehall): ter. (362 1911). Frank Lipsius Matchless comic playing from an all star cast in Priestley's comic warstar cast in Priestley's comic war-horse about silver wedding anni-versaries undermined by an incon-venient revelation. Bill Fraser is a

> and the couples are led by Timothy West and Prunella Scales. The 1930 theatre has been beautifully renofolios Off (Savoy): The funniest play for years in London, now with any improved third act. Michael Blake-mare's brilliant direction of back-

equivalent has been found for New York's Jerry Orbach, but David Mer-rick's tap-dancing extravaganza has been : /236 8108).

Continued on Page 21

SAVEUNTIL 31ST MARCH 1987

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Curious folly of rocky horror films

Captive directed by Paul Mayersberg
Dust directed by Marion Hansel
A Fine Mess directed by Blake Ed-F/X directed by Robert Mandel Poltergeist II directed by Brian Gib-

In a week storming us with strange follies, none is stranger than Captive. And certainly none more of a folly.

This meditation on terrorism, vaguely inspired by the Patti Hearst story, marks the writing-directing debut of Paul Mayersberg, who scripted Roeg's In a fantasy-Gothic English castle dwells bearded Oliver Reed and his beautiful a gang of obscurely motivated terrorists with foreign accents kidnap the girl. "People are soing to think eet is polectical." says their leader "D" (Xavier Debus)

Deline).

And indeed they are. The perplexed Oilie and the equally perplexed police go about assuming it is the Red Brigade, or the Greens, or the neo-Basder-Meinhofs or what ever. And their perplexity increases when no conventional assument.

In fact the terrorists are none of these. As they torture and brainwash Miss B — by such picturesque methods as locking her in a crate, funnelling water down her throat or hanging ber upside down with exposed breasts — we gradually realise what they are: an ambitious writer-director's device.

Mayersberg is out to show how a father-dominated girl uses the lucky misfortune of falling into the hands of another kind of domination to break free of her fears altogether. We know this is Mayersberg's intention because he tells us it is in the Press hand-out. "In a way it's a fairy tale," he says, "the little girl locked away in a tower who undergoes a shocka result of that."

The broad plan of the movie

their command of English grammar).

Meanwhile the air is thick with Puccini, as bits of Madam Butterfly remind us of that female fritillary who had hidden strengths. And whenever things get slack, Mayersberg throws in a fantasy sequence or someone in a harlequin suit or another bit of outre bondage.

If the British cinema must die, perhaps this is as a

bourgeois is anyone who's afraid of losing their place in the queue" (not to mention their command of English grammar).

Meanwhile the air is thick with Puccini, as bits of Madam Butterfly remind us of that female fritillary who had hidden strengths. And whenever

ting on the verandah, surly, plump, inert, like some gross batrachian. And sometimes a flurry of expressionism disturbs the long days: eyeblink freezeframes, or fantasy glimpses of murder by Birkin as she sees herself axing Pa to death. But eventually the atternation

things get slack, Mayersberg throws in a fantasy acquence or someone in a harlequin suit or another bit of outre bondage.

If the British cinema must die, perhaps this is as a colourful a way to go as any. Mayersberg has a rioting, nay runaway, imagination. But Here is Jane Birkin marconed in the simmering South African sudden psychodrama cruptions takes on an absurdist rhythm. Howard). Here is the tale of It becomes impossible to go on believing in these batty people in their terminal farmstead. And impossible not to giggle when the dialogue occasionally runaway, imagination. But Here is Jane Birkin marconed between Beckettian stillness and

(she has learned no notable masterpieces are only born thespian skills from her director father Poter) to dialogue bent is guided by the reins of full of portentous maxims, form and style. Winning horses "Never judge a face by its must have winning jockeys.

"Never judge a face by its the terrorist. Says another: "A bourgeois is anyone who's are only born and style. Winning horses for tableaux barely vicants. Birkin framed against dusty these idiot dialogues " (Birkin these

Better the ambitious misfire, however, than the failed pot-boiler. Peter Ustinov once described a character he played, the Cockney crook in Topkapi, as someone who aimed low and missed. It is exactly thus with the week's Hollywood afferings: A Fine Mess, F/X and Polter A Fine Mess is a Blake

Edwards comedy about two pals (Ted Danson and Howie Mandell) who stumble on a horse-doping plot and attempt to foll it. "Doping" is a euphemism for the process actually used to power suppository. And "comedy" is a supplemism for the film. Packed with ill-timed

ances, hits of blue humour and witless dialogue. Edward's self-described tribute to Laurel and Hardy (hence the title) bears painfully little similarity to that august double act.

FX — Hollywoodspeak for "Special Effects"—has Australian actor Bryan Brown as a stuntman and effects wizard hired to use his movie expertise to fake a murder. The hero's experience on such films as "Song of the Succubus" and "I Dismember Hama" will be invaluable to the two gents from invaluable to the two gents from the Justice Department (Cliff

the Justice Department (Cliff De Young and Mason Adams); they want to pretend-murder a top Mafia boss who has turned state's witness.

The two hirers duly get what they paid for; the special FX are fine. It is the plot that is pathetic. That and Robert Mandel's direction, which staggers dimly and routinely through the multiplying double and treble crosses, as if he were and treble crosses, as if he were making a pilot for a TV series everyone had given up hope of being made.

Which leaves Poltergeist 2.
And I shall leave Poltergeist 2.



Shireen Shah, Brian Hall, Brenda Bruce and Mona Hammond

Ask for the Moon/Hampstead

Michael Coveney

On one side of the stage sit three mid-19th century lacemakers in bonnets and aprons, bobbins on their laps. On the other, a present-day sweatshop churns out blazers and skirts

trom clumsy modern patterns as the old employee Lil is locked in argument with the West for a tinkling musical musical lindian Carlie, mother of six, who wants to organise the work-a force.

The two worlds are linked by a discussion of pride in work. The lacemakers unravel a bridal veil, one of them draping it estatically above her like a canopy. Their work is exact and artistic, perfwinkles and birds threaded through the fine spun material. Today, even the pride in seersucker and veil work has gone, the bosses are just as unreasonable and the foreman Eugene reduces old Lil's rate before firing her. Lil is the grand-daughter of the lacemaker Fanny who refuses to abandon her sickly child.

bricks of an old barn elide with the grey boxes of the factory with five for the factory musical lide in five factory with five for the factory with five for the factory musical with the grey boxes of the factory with five factory will after Lil has been sacked. Miss Bruce, tough, gravelly-voiced and formidable, cuts the buttons from her coat and executes a strip to her slip in a passage of great pathos, defiance and dignity.

There is an evasive texture about John Dove's production until Brenda Bruce as Lil moves and dignity.

There is an evasive texture about putting up tents, preparing meats and producing news and a great pathos, defiance and dignity.

The play sets out to preach resistance to bad working conditions for women but cannot equite crack the historical alignment and stage metaphor it has papers have a new and no less compelling stable mate in the other production.

The play sets out to preach resistance to bad working conditions for women but cannot equite crack the historical alignment and stage metaphor it has intended by a great pathos, defiance and dignity.

The play sets out to preach resistance to bad working conditions for women but cannot equite crack the historical alignment and stage metaphor it has papers have a new and no less compeliated here. The sound and sight not before time, Brian Hartis's ligh

One trouble with Shirley Gee's play, at the Hampstead Theatre, is that you never know where you are. Are the lace-makers in Nottingham, the sweatshop in London? The sweatshop in London? The bricks of an old barn elide with

Lil and Mona Hammond's im-petuous Carlie, the women going for each other's jugulars and subsiding into a poignant fare-

ways seven lines from the poem by Henry Vaughan from which the title is taken. It is not as homogenous or as It is not as homogenous or as instantly arresting as Saxton's The Circles of Light which the London Sinfonietta premiered last March (The Ring actually predates The Circles by several years). But it begins beautifully, and shows the same quick sensitivity to shifting patterns of sonority — in the opening pages especially motionless string chords (I was reminded suddenly of Stockhausens's Trans) are the frozen backcloth to a delicate play of gongs, piano ripples of wind. At first hearing at least, the mesh of contrapuntal working which emerges from this striking initial proposition seems to lose direction: agitation without clarity. Pointers could well be revealed canvasses spun seamlessly clear —but whose rhythmic impetus had nothing of the same clarity or brilliance. That is part of the style: the very act of playing Bach's Chorale Prelude "O Mensch bewein in Dein Sünde gross" on an instrument of such quintessentially 19th-

organist Lionel Rogg—part of a series of 24 Wednesday recitals by organists from around the world. Rogg belongs to that tradition

of grand organists for whom colour and voice-leading are more important considerations than rhythmic pungency and attack (the very sonority of the concert organ, impressive as it can be, could never be called rhythmically incisive). His Grand Dialogue by Louis Mar-chand (a J. S. Bach contemporary) and his account of Bach's C minor Prelude and Fugue were brilliant, bird-loud canvasses spun seamlessly clear

experiment, and would have loved these dark, growling pedal notes, held by hass trombone— though he might have regretted the loss, too, of rhythmic panache.

warmth: the acoustics here are the tempo suggested that dry in the extreme, cutting the neither the conductor nor the sound dead and allowing the by it.

In a performance of Beet-thythmic panache.

Roussel's neo-classical Concerto they were joined by the plants.

wednesday's concert, given at confident style, if without the lish. The piece is a natural for the concert organist (Max Reger also made an arrangement in the early years of this century). List himself would certainly have approved of the colouristic experiment, and would have approved of the colouristic experiment. minuet was too slow and some uncomfortable jockeying with the tempo suggested that neither the conductor nor the

they were joined by the pianist John Lill. Clear and decisive Greenwich Theatre's 1986-87 productions

The Greenwich Theatre's (January 14), directed by Alan 1986/87 season opens in mid-October with a production of Dylan Thomas's Under Milk Wood, directed by Anthony Cornish, Night Must Fall by Eugene O'Neill, The Perfect Elms by Cornish, Night Must Fall by Eugene O'Neill, The Perfect Elms by December 10, directed by John British premiere—and Mary Rose by J. M. Barrie next the London Jupiter Orchestra's After Christmas comes the August to coincide with the

Dove.

After Christmas comes the August to coincide with the next concert will be in Oxford.

world premiere of a new David Pownall play, The Viewing author's death.

Brush premiere—and Mary According to the programme mext the London Jupiter Orchestra's the London Jupiter Orchestra's the London Jupiter Orchestra's The Docklands, it seems, will have to wait after all.

Michael Clark/Sadler's Wells

Clement Crisp

is clear. What is not clear is why the details are so wildly and visibly unconvincing: all the way from Miss Brook's own acting-by-numbers performance and the way from Miss Brook's compared to making it is the way from Miss Brook's compared to making it is the sort of angry scrawls that the sort of angry scra

whether the unplugged audience escaped at the end without impaired hearing I do not know even through layers of pink wax, the din was horrific.

What saves the evening from heing werely an eventure of the same than the saves the evening from the saves the save

what saves the evening from being merely an exercise in misdirected energy is, as always, Michael Clark's own pre-sence as dancer. Whether seen sence as dancer. Whether seen in a contemplative solo which begins the evening, or being carried across the stage (in drag, not surprisingly) with impeccable insteps supported in high-heeled shoes, he remains a continually fascinating performer. If, as I am told, No Fire Escape in Hell is about living in fear, the worst we have to fear is the lose of Michael



Michael Clark (left) with David Holah

Continued from Page 20 **Opera and Ballet**

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Opera Kunqu, Nankin. Le Pavillon des Theâtre

Pivoines. (4874.5724). **WEST GERMANY**

Berlin, Deutsche Oper: Die Meister-singer von Nürnberg with Mari-Anne Häggander, Gerd Feldhoff, Gerd Brenneis and Peter-Christoph Runge. Aida with Julia Varady and Giorgio Lamberti (34 381). Frankfurt, Opera: La Gioconda, in a concert version, has Gelina Savova in the title role. La Bohème, a Volk-er Schlöndorff production, has a

Exhibitions

Venice: Museo Correr (Ala Napoleozi-ca): Le Corbusier: painter and sculp-tor: Over 200 of his lesser-known works, including sculpture, watern works, including sculpture, waterco-lours, pencil drawings and collages by the great French/Swiss architect. Le Corbusier loved Venice and visit-ed the city frequently. The exhibi-tion includes his project for the Ospedale a San Globbe, in Venice, designed during the last year of his life (1905). Ends Oct 30: Rome: Museo Nazionale delle Arti e The ligant Breather (Piezza Marconi

Tradizioni Popolari (Piazza Marconi eur): "Precious Ornaments." A large collection of Folk jewellery from all over Italy, dating from the turn of the century, illustrated with charming photographs of heavily bejewelled countrymmen. Until

Madrid, Prado Museum. French, Spanish and Italian paintings of the 18th century. This exhibition from

particularly strong east with Rona Tokody, Hildegard Heichele and Alejandro Ramirez. (25 621). Stutigart, Württembergisches Staats-theater: Die Fledermans will have the main parts sung by Milagro Var-gas, Eva Lind and Toul Kelmer. (20 321).

NETHERLANDS ...

m, Muziektheater. The Neth-

erlands Opera presents Verd's Fal-staff directed by Livin Chiel. The Hague Philharmonic conducted by Hans Vonk, with Timothy Noble in the tile role, Ashley Putnam and Anne Howells (Wed). The National Ballet with the world premiere of Hans van Manen's Opening, the Collective Symphony by Van Danhig, Van Manen and Van Schayk, and

the Prado collection includes works

not seen for 15-20 years as well as

recent acquisitions. Tiepolo, Bayen, Maella, Paret, Juan Beutista, Mengs. Palacio de Villahermosa, Plaza de las Cortes 6. Ends Sept 30.

SWITZERLAND

Statistics: Touca conducted by Buck-ley with Tumova-Sintov, Aragall, Winell, Kerns and the Vienna Boys Choir, La Gioconda conducted by Fischer with Marton, Semtschuk, Lipovaek; Le Nozze di Figaro con-ducted by Mund with Lilova, McLanghlin, Janowitz, Il Trovature

French Court art all over Europa. Grand Palais. Ends Jan 5. (4289 5410). . SRUSSELS

Lagrace: Villa Favorita: Goya In Private Collections: 59 paintings by Goya, normally impossible to see and which have never travelled before. The exhibition is organised by Baron Thyssen and the Spanish Minister of Arts. Among them is the portrait of the Contessa di Chinchon, considered the best of Goya's on, considered the best of Goya's paintings of women. Ends Oct 19.

Boucher, 85 paintings and 25 drawings trace the evolution of the painter who personified, from 1730 on-wards, an Art de Vierre of charm and seduction. His pastoral scenes reproduced by engravings, tapestries and on Sevres porce-lain spread the influence of

When the posters went to war: Ameri-can posters through the two world wers. Musée Royale d'Art et His-toire. Ends Oct 12,

Disseldori, Kunsimuseum. Ehrenhof 5: Otto Penkok (1893-1966). The Passion; 60 large charcoal drawings by the German expressionist covering 1933-34. Ends Oct.

1933-94. Ends Oct.

Essen: Villa Higgsl: The chairman of Krupp, Dr Berthold Beitz, who is also head of the private Ruhr cultural institute, was the moving force behind this exhibition, helped by Mr Erich Honecker, the East German leader. The Villa Hügel, 114 years old, has been redecorated for the exhibition. This is the first show organised by the institute, founded three years are on the initiative of the years ago on the initiative of the Krupp Foundation. The treasures

Van Schayk's Seventh Symphony (Thur): (255 455).

Amsterdam, Carre. The Argentine Grupo Accion Instrumental with L'Empire de dadi, an opera to music by Satie (Mon). (225 225).

Schewaingen, Circus Theatre. Nederlands Dans Theater with a new ballet by Nacho Dunto, and Jiri Kylian's Swadehka and Stamping ground (Thur). (55 88 00).

Covent Garden Royal Opera with Kiri Te Kanawa, José Carreras, Jon Vickers. Carmen (Mon); Samson and Delilah (Tue, Thur). Tokyo Bun-ka Kaikary (723 2356).

LONDON

Royal Opera House, Covent Garden: For the first time in its history, Welsh National Opera is taking over Covent Garden for a complete per-formance of its Ring cycle – con-

from the period 1694-1733 of great Electors are on loan from Dresden's state cultural collections. The eight royal collections are presented sep-arately with characteristic master works. There is also one of the oldest and most complete com collec-tions in the world and a huge collectools in the world and a huge collec-tion of arms and copper engravings by Boucher, Chardin, Piranesti and Tiepolo. The picture gallery includes works by Titten, Poussin, Valas-quez, Rubens, Rembrandt and Cra-nach. Ends Nov 2. insumbers, Germanisches National-muteurs.

museum, Kornmarkt 1: Nuremberg. aissance Art. About 300 main works of Nuremberg's grandest age. Ends

Hayward Gallery: Dreams of a Summer Night - an exhibition of pain-ting at the turn of the century in the five Northe countries, organised by the Arts Council and the Northe Council of Ministers. It proves to be an important and intriguing exer-

LONDON

ducted by Richard Armstrong, produced by Göran Järvefelt – which begins this week with The Rhine-gold (240 1068).

Holseyer Dance Company (Opera Rouse): The Soviet folk dance troupe provides native face from dozens of regions and ethnic groups in its week-long stay in Washington. Ends Sept 28. Kennedy Center (264 272)

MEN AUSK

New York City Opera (NY State Thea-tre): Andrei Serban's production of Norma festures Winifred Faix Brown in the title role with Susanne Marsee as Adaleisa and Robert Grayson as Pollione conducted by

though many of the painters enjoyed a certain contemporary fame abroad, they were with one great ex-ception all but forgotten in the years after the First World War. Munch was that exception, and the chief value of this exhibition, which throws a fresh light on his work, is the demonstration that he was no arbitrary phenomenon but the not-shie product of a distinctive national able product of a distinctive national and regional character. Ends Oct 5, then Düsseldorf and Paris.

Turner (1775-1851): Over 100 cii painfurner (1775-1851); Over 100 oil paintings and water colours in one of the most important Turner exhibitions held overseas. Loans (20 from London's Tate Gallery) include Rain, Steam and Speed from the National Gallery, and Lifeboat and Mamby Apparatus, courtesy of the Victoria and Albert Museum. Tokyo Minseum. of Western Art, Ueno Park, Sponsored by Nihon Keizai Shimbun and British Council, Ends Oct 5, Closed Mondays. Imre Pallo; Edith Davis takes the ti-tie role in Frank Corsaro's producby Christopher Keene and Scott Bergeson conducts Cynthia Auer-bech's production of Les Pecheurs de Peries with Gell Dobish, Jon Gar-rison and William Stone, Lincoln Center (870 5608).

CHICAGO

Lyric Opers: After a 20-year absence,
The Magic Flute returns to open the
season, with Francisco Araiza as
Tamino and Judith Biegen as Pamina, conducted by Leonard Statkin in
August Everding's production (Tue).
Michael Tilson Thomas conducts
John Copley's production of La Bohame with Katia Ricciarelli as Mimi
and Luis Linna as Rodolpho (Wed).
(332 2244).

HETHERLANDS

The Hague, Museon. The legends and facts surrounding the life and voyages of St Brendan, the 6th-century lirish Odysseus", are examined with the aid of faneihily illuminated actear truthful perception of a clear truthful perception of the state of the manuscripts and early printed books. Ends October 28.

NEW YORK

Metropolitan Museum of Art: 40 Interestionist and early modern paintings from the Hermitage in Leaingrad and the Pushkin Museum in Moscow include works by Picasso, Matien and Charll graphy costs in Metisse and Chagall rarely seen in the West. Ends Oct 5. WASHINGTON

Hirahhera Museum: More than 130 paintings, sculptures and drawings from a 5,300 donation by the nuseum's founder Joseph H. Hirshhorn on his death go on view with works by major contemporary artists including Illem Kooning, Arshile Gorky, Frank Stella and Henry Moore. Ends Nov 16.

Elly Ameling/Wigmore Hall

Max Loppert

Elly Ameling gives this week two Wigmore Hall recitals; the first of them, on Wednesday, she planned as a Goethe concert. the programme was grouped to shape portraits of the female figures in Goethe's poetry — Mignon, Gretchen, Klärchen, Suleika chief among them—as various great Lieder composers (Schubert, Wolf, Brahms, Schumann and Loewe) recreated them in song. It was a distinguished collection, and it made an attractive set of musical sequences, which Miss Ameling linked with brief words made an attractive set of musi-ratistic rather than vocal and cal sequences, which Miss whose line lies within a limited Ameling linked with brief words of introduction, explanation and style and vocal condition could comment; this too was attrac-tively done. still be bound up. The vitality and sympathetic

In fact, everything about the alertness of Rudolf Jansen's recital was dictated by the piano playing left all evening singer's well-established brand a very positive impression. But a clear, truthful perception of a clear, truthful perception of the natural beauty of ner verse and music was translated the natural beauty of ner verse into a performance of the same now dimmed, Miss Ameling into a performance of the same now dimmed, Miss Ameling into a performance of the same now dimmed, Miss Ameling into a performance of the same now dimmed, Miss Ameling into a performance of the same now dimmed, Miss Ameling into a performance of the same now dimmed, Miss Ameling into a performance of the same now dimmed, Miss Ameling into a performance of the same now dimmed, Miss Ameling into a performance of the same now dimmed, Miss Ameling into a performance of the same now dimmed, Miss Ameling into a performance of the same now dimmed, Miss Ameling into a performance of the same now dimmed, Miss Ameling into a performance of the same now dimmed, Miss Ameling into a performance of the same now dimmed, Miss Ameling into a performance of the same now dimmed, Miss Ameling into a performance of the same now dimmed, Miss Ameling into a performance of the same now dimmed, Miss Ameling into a performance of the same now dimmed, Miss Ameling into a performance of the same now dimmed, Miss Ameling into a performance of the same now dimmed. unvarnished kind. The trouble, alas, is that the voice no longer carries those perceptions on the sweet, fresh, easily produced tone that one recalls with pleasure from so many Ameling recitals. This is a matter that a critic who has long been an Ameling admirer would prefer to evade, but as she herself American Sandra Deer's play So made no concession to the Long on Lonely Street starring limitations and fallibilities of Gayle Hunnicutt and Brian Prorange and support that are now theroe, opens at the Palace everywhere evident, the experi-ence of her singing allowed the until October 25. listener no refuge in artful vocal management or skilful director. Lou Stein, is making husbanding of means, his directing debut at the It is typical of Miss Ameling's Palace, with this play.

mensurately less interesting Lieder singer. British premiere

of American play The British premier of The theatre's new artistic

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Austria's image under strain

Austria has undergone more sandals and upsets in the past representatives of the so-called represen

a oudget owner winer could, eventually, upset its good over-all economic performance, as measured by growth and unemployment, and impair its status as an international borrower.
It has also signally failed to

solve the problems of a large, state-owned group of industrial concerns which have been kept above water only by financial subsidy. Measured on the international scale, these are small enterprises, but granted the state of the financial systems, the world can ill afford even small disasters.

On a wider stage the evident malaise in Austria reflects difficulties that have troubled the German-speaking countries since the mid-1970s. West Germany has its territorists and environmentalist groups ranging from the uncomfortable to ing from the uncontrolled to the downright unruly. Austria has been much quieter, but green opposition has hampered the development of hydro-electric resources and killed electric resources and knied the country's only nuclear power station at Zwentendorf, which is to be demolished without ever having come on stream. Even the stolid and solid Swiss gave their own greens an unexpected boost by electric some of them into electing some of them into government of the normally servative canton Berne.

None of this portends the imminence of doomsday in any of these countries. But, with the possible exception of the Swiss, they have become a bit less predictable than they used less predictable than they used to be. That is nothing dangerous, but it does call for a constant review of pre-conceived ideas.

Paradoxically, in the case of Austria, the result of the changes in the industrial and recent political scene may be a seturn to the Grand Coglition.

THE COLLAPSE of the In the present parliament, Austrian coalition Government elected in 1983, the People's could be written off by the rest Party has 81 seats. The of the world as one more storm Socialists have 90—just short of of the world as one more storm Socialists have 90—just short of in a Viennese coffee cup were an absolute majority—and until it not for certain unbappy facts. last weekend relied on the 12

arities.

The country has made very Haider, the sharp-tongued little progress with controlling a budget deficit which could, to be its chairman. Mr Haider, personal ambition apart, is clearly speculating on his chance of returning the party to its one-time role as the home of the protest voters.

Almost inevitably the chances of a Grand Coalition unless—as seems most improb-able—either of the big parties captures an absolute majority. Such a Grand Coalition would have both its dangers and its advantages. The danger is that government, instead of being a creative process, could become nothing more than the cobbling together of dubious com-promises and the sharing out of jobs among party hacks.

Emerging consensus

But what Austria needs are radical solutions to the budget problems, to the mess in state-owned industry, and to its excessive dependence upon tra-ditional industries. It may be another Austrian paradox, but a consensus on key matters has been emerging on these questions — going far beyond a nostalgia for the years of economic growth until 1966 — between the Socialists and the People's Party. The trade unions, essential ingredients in the traditional social consensus, have not mounted the barri-

have not mounted the barricades against plans to cut
employment drastically at
Voest, the biggest state-owned
concern.

Dr Franz Vranktky, the
Socialist Chancellor, a pragmatic technocrat, has supported
the idea preached by the
People's Party leader, Dr Alois
Mock, that private capital must
be brought into the stateowned sector. If everyone sticks
to his good intentions, the recent political scene may be a to his good intentions, the return to the Grand Coalition forthcoming election could do of Socialists and the conserver a great deal to clear the air and coalition to the conserver and the conserver to the conser the country from 1947 to 1966, the need for change.

Reshuffling of assets

HANSON TRUST, one of the British-owned conglomerates, has shown once again its remarkable skill in buying and selling companies. Its two most recent acquisitions, SCM in the US and Imperial Group in the UK, are being rapidly dismem-bered, enabling Hanson to recoup most of the original purcoup most of the original purchase price; it was announced yesterday that Imperial's brewing subsidiary, Courage, was to be sold to Elders IXL, the Australian group. Is this no more than asset stripping, reminiscent of Slater Walker and its unlamented rivals in the early 1970s, or does it represent a valuable contribution to the economy? There are some grounds for unease over Hanon's role as corporate aucson's rise as corporate accidence, but, as long as its activities are recognised for what they are and not invested with false glamour, they can be regarded as useful and perhaps even necessary for the functioning of the capital markets.

Hanson Trust has two main roles. It is an industrial company, managing certain assets, and it is a trader in companies, redistributing assets from one owner to another. In its first role, it has tended to concentrate on low-technology busi-nesses which are managed with a close eye on reducing costs and generating cash. Its record is entirely respectable, but there is no evidence to suggest that ment problems like the reshares depend on its ability to building of the Rover Group or go on making large and frethe strengthening of ICL's position in the world computer ing for its "auctioneering" market. To the extent that the skills, the basic Hanson business managerial scope need to be from the scene.

Managerial weakness

has recently come into greater prominence. When it attacks companies like SCM and Imperial, it does so with the clear intention of keeping only part vious targets are the unwieldy nism or with takeover bids, but conglomerates built up in the they are only part of what the late 1960s and early 1970s, financing of industry is about.

which still represent an a of managerial weakness in the British (and US) economy. There is room for argument over whether Imperial fell into this category and bence whether the Hanson treatment was better than allowing the prebetter than allowing the pre-Hanson management to get on with the job. But it is certainly possible that Elders, with its brewing experience, will be a more effective manager of Courage than Imperial and will inject a healthy dose of com-petition into the British beer market. In other cases there is no doubt that Hanson's shuff-ling of assets to a new owner ling of assets to a new owner who understands the business is beneficial; the purchase by ICI of Glidden, SCM's paint sub-sidiary, is an example of this Thus Hanson's role in rede-

ploying industrial assets can be helpful. Similarly the presence of Hanson and other predators in the market represents a threat to companies, especially those operating in a diverse range of businesses, which are not managing their assets effectively. Companies are forced to ask themselves whether they would be better off "doing a light of the companies are forced to be the companies are companies are companies and the companies are companies are companies are companies are companies are companies are companies. Hanson "-shedding peripheral businesses and concentrating on what they do best—instead of waiting for Hanson to do it for

Financial opportunism

is no evidence to suggest that
Hanson's skills are appropriate
for the really difficult managegrowth and the rating of its UK needs more internationally is bound to become bigger and competitive companies in remore difficult to manage. There search-intensive sectors, Hanson must be doubt whether a busidoes not offer, or claim to offer, ness based on this formula is much of a contribution. This sustainable over the long term, is not to denigrate what Han-especially after the present son does, but the limits to its management team has departed

The other doubt concerns Hanson's image in the City of London. It seems that financial It is the second role which opportunism is more highly recently come into greater rated than the building of businesses and that the way to win the City's acclaim is to indulge in adventurous takeover bids which make large headlinesof the business for its own portand earn large fees for City folio and selling the rest to the highest bidder. The most ob-

NTIL VERY recently the name of Carlo De Bene-detti was linked in most people's minds with Olivetti, the Italian the Italian office equipment maker which has been one of Europe's great turnaround

Over the past 12 months, however, the 51-year-old Mr De Benedetti has emerged as quite a different figure: no longer is he merely the Olivetti chair-man who engineered a text-book industrial revival and then embarked upon a global alliance with American Telephone and Telegraph (AT & T).

Instead, Mr De Benedetti has become the swashbuckling leader of a diversified industrial and financial empire which since the start of this year has launched equity and bond issues to raise more than \$2bn and has meanwhile made 16 acquisitions costing \$640m. Mr De Benedetti's empire is

actually an investment pool which is named after the man — the ultimate holding vehicle is Cofide, which stands for Compagnia Finanziaria De Benedetti. Cofide now has effective control of companies which have combined annual revenues of more than \$7bn and a total stockmarket capi-talisation of \$12bn.

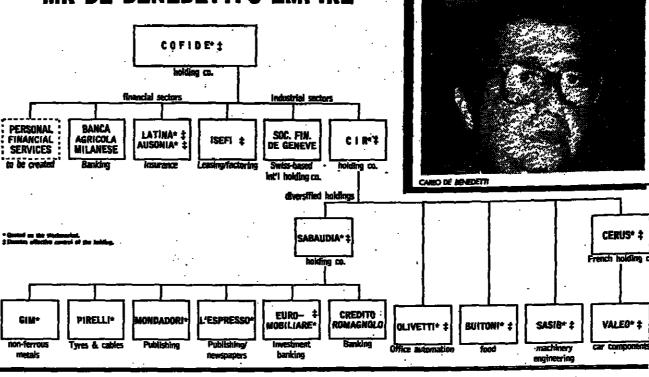
This includes Olivetti, where by agreement with other share-holders, the De Benedetti Group has management control despite the fact that its actual share stake is only 15 per cent. The same is true at the Valeo car components group in France, where the Cofide share-holding is 20 per cent. It is worth recalling that one year ago Cofide, as an organised entity, did not exist.

The sectors which Mr De Benedetti is now involved in are as far-flung as banking, insurance, pasta, chocolates, frozen fish, car components, leasing, factoring, publishing, packaging machinery and, of course office actionages. ourse, office equipm

The speed with which Mr De The speed wim winch ar De Benedetti has assembled his empires, combined with the fact that he pioneered the use of the Milan Bourse as a source of equity capital to replace hank debt, have made him a legend in his native Italy. In a country where Mr. Cianui Agralli the in his native Italy. In a commy where Mr Gianni Agnelli, the Fiat chairman, has long reigned ag a sort of uncrowned king, the rise of Carlo De Benedetti in recent years made him a usurper. That is no longer the case—Mr De Benedetti, once an outsider, is now part of the aerabilichment. What is more, he has become

the champion of hundreds of thousands of stockmarket followers and the darling of prominent financial institutions in New York, London, Tokyo and Paris. Aside from the 51 and Faris. Aside from the 51
per cent stake in Cofide which
he retains, Mr De Benedetti has
among his major Cofide shareholders the equivalent of an
underwriting syndicate par
excellence. The list incindes
S. G. Warburg of the UK,
Shearson Lehman Brothers and
Dreyfus Corporation of the US Dreyfus Corporation of the US, Nomina Securities of Japan and the Indosuez group What do all these share-

MR DE BENEDETTI'S EMPIRE



A machine of men and money

By Alan Friedman in Milan

a number of acquisition oppor-tunities to create a holding empire which is too varied to make any sense. The critics also maintain that while he is very good at buying companies and restructuring them finan-cially by means of debt-reducing rights issues, he lacks an ade-quate management structure for a bewildering array of com-

The Piedmont-born entre-preneur, who two weeks ago toured major European finan-

An outsider who is now part of the establishment

cial centres to present Cofide and explain his future plans, reckons he has a clear master strategy and can respond to each and every crilevelled against his style. Cofide is an empty box which I use to leverage myself," he says.
"I put my name on the com-

What do all these share-holders see in Mr De Benedetti? What logic has driven him to create this financial and industrial grouping with its 27 stockmarket quotations in Italy, France and Switzerland?

Mr De Benedetti's critics (despite the sea of stockmarket in the funds and industrial grans, there are some) have alleged that he is a financier and not really an industrialist, that he is a gambler who takes offer goal of Cofide is to be a big risks and that he has seized direct operator in financial ser-

folio management."
Mr De Benedetti stops to take
a call. Seated in the boardroom of Olivetti's modest Milan office-block, the man in shirtsleeves looks more like a Wall Street investment banker than the ambitious builder of a business empire which controls companies with a total of nearly

vices, from insurance to port-

He now addresses himself to the industrial holdings in his me industrial foldings in his group: "The group structure is nearly complete. We are in four main sectors and we will direct all future expansion through acquisitions, joint ventures and alliances based on these four, which are office automation, food, machinery and car components." The four industrial flagship companies are Olivetti flagship companies are Olivetti, Buitoni, Sasib and Valeo.

To explain how these four sectors will be developed. Mr De Benedetti cites examples of acquisitions: Olivetti has this year acquired Triumph Adler. Buttont has acquired Davigel, a French frozen fish distributor, and other forces commenced. and other food companies in Italy. Sasib, already a leader in the manufacture of tobacco packaging machinery, has bought three makers of foodpackaging equipment.

Then comes Valeo, where Mr Then comes Valeo, where Mr
De Benedetti only recently won
management control: Valeo is
clearly very dear to Mr De
Benedetti's heart, not least of
all because it is in France,
which he says will be the next strategies. That is done major area for expansion. A through CIR (see diagram). The French holding group, Cerus, other goal of Cofide is to be a has been formed and quoted on direct operator in financial serthe Paris Bourse, and Mr Alain

Minc, formerly of Saint Gobain and one of the leading lights on the Paris financial scene, has been hired to manage the France is of strategic import-

ance to Cofide. There will no doubt next year be a string of share issues for De Benedetti companies on the Paris Bourse. Olivetti's French subsidiary, which is merging with Logabax (a recently acquired French data processing concern), will be quoted on the Paris Bourse. Most importantly, from Mr.

De Benedetti's point of view, he plans to channel all European plans to channel all European expansion in the foods sector through Buitoni France. "Buitoni France will become the real centre of our foods business and Buitoni in Italy will next year become less important," explains an aide to Mr. D. Benedetti But what are the synergies

between these four industrial sectors? Isn't this just an oldfashioned conglomerate? At this point Mr De Benedetti raises his voice slightly: "We glomerate. In a conglomerate there is one central management, Here we have separate managements and separate quotes on the stockmarket. Olivetti is completely separate from Bultoni, but the two companies happen to have the same parent shareholder, and that is useful for fund raising." he explains. Then, in the only reference he is to make to Mr Agnelli or Fiat, Mr De Benedetti says: "Look at IFI (the Agnelli family holding vehicle). Cars, vermouth, insur-

asks what is IFI because it has been around for 20 years. We have created our group in two

The group which Mr De Benedetti has created is now branching out into financial services, an area where the services, an area where the fast-moving entrepreneur feels most comfortable. Insurance companies are being acquired, banking interests are being con-solidated and Mr De Benedetti says his future strategy in-

He delegates more. He is not a one-man band

volves using the recently acquired Societe Financiere de Geneve (SFG), a shell company, bought from Swiss Bank Cor-poration, as the base for a European investment company and operator in corporate and perlishing, portfolio management and direct equity participations.
Within the next few weeks,

30 per cent of the newly acquired SFG will be floated on the Geneva Bourse with the Geneva Bourse with SFr 180m (£73.4m) share issues. And while SFG will operate in finance rather than industry, the technique illustrated by this operation is typical of the De Benedetti formula. The formula, reduced to its been construction opportunities are found, the hard part.

controlling share stakes are purchased, within weeks of the deal the company is recapital. ised and then quoted on the market with a fund-raising issue. With a cash balance and issue. With a cash balance and restructured debt, the De Benedetti-acquired company shows a big profits rise (or return to profit) in the first year, and shareholders have frequently seen the share price rise by 20, 30 or 50 per cent within months of the arrival of Mr De Benedetti.

As one Milan analyst com-cented: "The share performance of a De Benedetti company always anticipates the "magic he works. He raises vast sums of money through a network of companies, but the funds are being raised mainly on his name. This is almost a blind pool—you put your money on the man without knowing how he will use it, but you generally; get a great return."

Aside from stock market returns, how good is the management of De Benedetti companies? "It was certainly true a year ago that we had a management deficiency," admits an side to Mr De Benedetti, "but that is not true anymore. We now have at least ten top managers in different sectors on whom Mr De Benedetti relies. He delegates more. He is not a one-man band."

But what are the risks of the De Benediti style? The Italian entrepreneur says that 1987 will be his "year of consolidation," that he has built the group he set out to. His aides argue that risk is spread; some deals are high risk, but others are low, the mix of industrial and financial companies provides for counter-cyclical revenues and thus the overall "package" of Cofide companies has a low risk quotient. risk quotient.

One things which is reassur-ing is the enormous liquidity at hand, now running at more than \$1.4bn among Coude com-panies, half of which is at Oli-And even if the De Benedetti

"magic" were not to work on a particular fund-raising operaa particular fund-raising operation, the Shearson Lehmans,
Warburgs and Nomuras could
guarantee any issue. "The fact
that we are active shareholders
in Cofide should say something," explains one senior Wall
Street banker. "The group of
institutions behind Carlo De
Benedetti has faith in the man
and the financial clout to underwrite any deal," he adds.

As for Mr De Benedetti, he has plans to raise another \$600m by Christmas. New opportunities will present themselves, he says, and "anything one does in business is with men and money — the ways." men and money — the money is not hard to find if you have the right men.

It is significant that Mr De Benedetti is cashing in on stock Benedeth is cashing in on stock markets in the coming months and talking of consolidation next year. His forecast for the Milan Bourse, Wall Street and London is not bullish in the long termi. "I think the markets will reach new highs, all markets will reach a new high, in the next six months. But with US bank problems, funk with US bank problems, junk bonds and a coming recession, I think there could be big problems on stock markets in the second half of 1987."

So the De Benedetti bandwagon rolls on; the man claims his structure is now in place, and if he has his way, the Olivetti turnaround will in-tuture be seen as one milestone; among many. An empire has been constructed in an ex-tremely short time. Now comes

Clinching the Courage deal

IF Edders IXL's purchase of the Courage brewing business is a major achievement for Elders boss John Elliott, it represents no less a success for Andrew Cummins, Elliott's corporate finance man who actually put the deal together.

Cummins, aged 37, has spent much of the last year in London masterminding the bid for Allied-Lyons, then coaxing it through the Monopolies Commission and finally changing tack to clinch the Courage purchase. IF Elders IXL's purchase of the

His career shows remarkable parallels with that of 44-year-old

paratiels with that of 44-year-old Elliott. Both were management trainees at Broken Hill Proprietary (BHP), the mining group in which Elders has a substantial stake, before going to work for McKinsey, the US management consultants, in Australia

Australia.

"I was with McKinsey for nine years and became a partner, but John didn't stay long enough to do that." Cummins enough to do that." Cummins with a clight entitle with the US and the says with a slight smile. Cummins gained his first degree in engineering at Monash University in Mel-



"You look like a jolly swag-man hew about blowing into this tuckerbag?

Men and Matters

bourne but went on later to do to the right place at the right management studies at New-time, it says it does not intend to sack the company's helicopthen to an MBA at Stamford University in the US.

It was while working for McKinsey in its Melbourne office that Cummins began to

do more and more work for the ambitious Elliott, Last August, just two weeks before Elders made its bid for Allied-Lyons, he joined Elliott full-time.
Cummins expects to spend a lot more time in the UK next year helping with financial re-organisation at Courage. It may be time, he said yesterday, to bring over his wife and two children to the UK.

With the US and the USSR swapping spies and expelling diplomats left, right and centre, the news that Louis Gerstner American Express's 44-year-old president, had fallen into Soviet hands earlier this week received surprisingly little attention Gerstner was on the way to deliver yet another upbeat message to a group of American Express managers on Long Island on Tuesday when his company helicopter dropped him accidentally inside the well guarded Soviet compound, 500 yards away from his ultimate destination. He was met by a group of guards and dogs and after a few tense minutes was

allowed to go free.
The Soviet Union apparently did not realise the value of its American Express asset and did not demand that Gerstner be exchange for a Soviet spy. They just called the local police. informed the US mission to the United Nations and have not yet lodged a fully fiedged

As for American Evpress, whose travel business whose travel business prides itself on delivering its customers

ter pilot.

Nomura's gifts

Noblesse oblige for the suddenly mighty Nomura Securi-ties. Japan's largest securities house has just announced dona-tions totalling \$3.5m to two US universities, the Sloan School of Management at Massachu-setts Institute of Technology and the Graduate Business School at New York University, for securities markets research Earlier this year, it set up a Ylbn Nomura Fund in Japan to sponsor research in Japanese universities. And in England? "We have donated to the Opera

Honse, a spokesman said. Nomura will have little trouble paying for this largesse. its pre-tax profits in the year that will end this month are expected to reach Y380bn (\$2.45bn). Whether it will help elimi-

nate the rather sharp image that Nomura has in Japan remains to be seen. Japan's patrician bankers still look down their noses at the brokerage houses, which used to be popularly known at "kabu-ya," or stock shops, having about the same prestige as a yao-ya or green-

But now that Nomura's profits are more than double the combined total of Japan's two largest banks, that is becoming a more difficult stance to maintain.

Plugging on

Which way you view the elecwhere you stand, I suppose. The union, for instance, has just produced a glossy indus-trial relations yearbook, giving useful information on the labour movement, employers' associations and political But it has also included in

the yearbook, advertisements for employers such as Toshiba, Hitachi and . . . News International, with which the EETFU is controversially linked in a spot of bother While other unions are busy ensuring no News International

newspapers so much as soil their doormats, the electricians' yearbook carries a full-page promotion, in colour, on the back of the front cover, for the merits of The Times, Sunday Times, Sun and News of the World.

Print unions, already seeth-ing over the EETPU's alleged complicity in the dismissal of 5,500 of their members by News International, are expected to send strong protests to John Grant, the union's head of comnunications.

He says the advertisement was booked through an agency. "When I saw it, I thought, well we are not in dispute with News International, so why should I veto it? That was that." Grant happens to be chair-man of the SDP trade unionists

group. It must, of course, be just a coincidence that the issue of the Sunday Times featured in the advertisement carries the headline: "Alliance flies higher as Labour sinks."

Keep count "All I known about the bec-

querel is that, like the Italian lira, you need an awful lot to amount to very much "—Arnold Allen, chairman of the UK Atomic Energy Authority, explaining units of radioactivity at its annual press conference in London yesterday.

Part works

A leaflet enclosed with a foreign-made clockwork engine bought by a reader for his child assured him: "This model is simply made with very few parts that cannot go wrong."

Observer

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POLITICS TODAY

No doubts now over Dr Owen

By Malcolm Rutherford

audience spontaneously and sentimentally joining in the chorus of a lyric sung to the tune of Davy Crockett—"David, David Owen, King of the SDP."

That rather accurately reflects the changing mood of the conference. flects the changing mood of the canference. It began with doubts: doubts about where the party is going next, about the state of the relationship with the Liberals, about defence policy, civil nuclear power and the apparent flasco over the initial launching of the proposals to merge tax and benefits. Gradually the mood became more confident as subjects were debated without

became more confident as subjects were debated without major splits. The conference ended with Dr Owen once again indisputably King of the SDP.

At the start, Dr Owen tried very hard not to appear too dominant. He told the conformation was might on Seturference very quietly on Satur-day afternoon that the next general election will be about three main issues: unemploy-ment, tax and defence. It was not a speech seeking a stand-ing ovation, and it did not get It was more a few intro-

it. It was more a few introductory remarks.

Then he addressed a fringe meeting about defence on Saturday evening. He spoke about his recent trip to Paris and Brussels with Mr David Steel, the Liberal leader. What happened was that the French from President Mitterrand downwards, put out the red carpet and talked to them very seriously about Anglo-French co-operation on nuclear weapons.

story is rather more revealing than Dr Owen's, but even he as a former Foreign Secretary was impressed. Mr Steel, who had probably never been received in Europe in that way before, was very impressed indeed.

The French said that they had always been interested in nuclear co-operation with Britain but that the British seemed to prefer the US. How-

THE late night revue staged by the Social Democrats at their annual conference in Harrogate this week kept featuring a be done. For instance, there placard saying: "Not forwards, not backwards, but sideways."

Much of the revue hinted at weapons and on harmonising fears in the party that it is the Liberals who are becoming the smore powerful partner in the land and a supplementations. The social Democrats at their any way undermining the done. For instance, there might be Anglo-French agreement on targeting of nuclear fears in the party that it is the restiting of their nuclear fieet so that the two countries between them would always and audience spontaneously and sea at any one time.

sea at any one time.

If such co-operation developed, the French said that they might reconsider their doctrine that their strategic nuclear weapons are only for the protection of France. It the protection of France. It would be necessary to talk to the West Germans, of course, not to bring them in as a nuclear power, but to secure their support for the idea of European deterrence.

Dr Owen was delighted by this and very struck by French self-confidence. He has become convinced that American troops convinced that American troops in Europe will be withdrawn, or at least substantially reduced, within the next five years and that therefore the maintenance of European nuclear weapons is more essential than ever. He does not like the present British Government's commitment to replace the Polaris force with the more powerful Trident, and thinks that arrangements with the French could reduce the size and cost of any Polaris successor.

There is a semantic difficulty in that many people think of the Trident missiles and the the Trident missiles and the submarines that will carry them as being practically synonymous. In fact, the submarines are British. Two of them have already been commissioned from Vickers. Dr Owen is preparing the way, if he has the chance, to let the submarine orders go ahead, but without the Trident missiles: hence the way he has started to talk about the "Vickers" boats." Alternative missiles might be devised by British Aerospace or even by British Aerospace or even acquired from the French. Mr Steel was pleased as well. He likes the idea of a European approach, and has become readier to go along with a sucreadier to go along with a suc-cessor to Polaris provided that it is in European garb and is not over-powerful. This is the concept of "European minimum Edwar deterrence." The term " British independent deterrent" has been expunged from the SDP-of it.



Liberal vocabulary, though how far Mr Steel's rank and file will buy the compromise depends to a large extent on the Liberal

Assembly in Eastbourne next

Both Dr Owen and Mr Steel were impressed in their Paris talks by the near-unanimity on defence of all the French politidefence of all the French point-cal parties. They say that it is the kind of consensus on major national issues that they want to see at home. They may, how-ever, have slightly misunder-stood French motives in this

that they have always been ready for some nuclear cooperation with the British. They offered it to Mr
Rdward Heath when he was
Prime Minister in the early
1970s, but nothing much came
of it

said at the start would dominate the election campaign — was not much addressed directly. Dr Richard Layard, probably the foremost academic authority on the subject, was present and spoke to fringe meetings. Yet he seemed disappointed at his inability to persuade the SDP — and politicians in general — that specific targets can be set and problems, like the long-term unemployed, identified and dealt with.

fices in favour of the poor in the tax and benefits debate earlier in the week. The party's social conscience came to the fore and it began to see itself again as left of centre.

There should be no great problems with the Liberals either. The latter have been working on schemes for fusing tax and benefits for some years. Between them they have the and dealt with.

and deart with.

It is as if everyone agrees that the number out of work is the biggest single problem facing the country and that the Conservative Government after seven years of office must be held at least partly responsible for it. Mrs Thatcher's advantage is that no one from within the parties has come up with any credible alternative policy.

and dealt with.

employment, it ought to be one of the big political subjects. Almost everybody is affected by it; almost everybody talks about it. Yet the very term "law and order is tinged with such right-wing connotations that parties to the left of the Conservatives find it very hard to say anything convincing about their own approach.

The Tories monopolised the theme in 1979 and have spent more money on the police. Yet the crime rate has not noticedetermined to get rid of British nuclear weapons altogether. France would then be the only nuclear power in Europe. It would feel very lonely, perhaps exposed to pressures from the superpowers to disarm and incapable of providing a European approach on its own. In that sense, the French Government's message was addressed as much to Mrs Thatcher as to Dr Owen and Mr Steel. It meant: let us start co-operation the crime rate has not notice-ably gone down as the prison population has gone up. As Mr Roy Jenkins, the former Labour Home Secretary, pointed out in Harrogate, even the Turks have given up the chase for the highest number of prison in-

Still, on law and order Mrs Thatcher probably retains the edge because her party is identified with it. It is not enough for the policies to be seen to have failed. Someone else has to put up something better, and that patters the Alliance party of the pattern and that patters are the controlled. that neither the Alliance nor the Labour Party has yet done. So in the end Dr Owen chose

able if it turned its back on tax reform and the relief of muclear weapons without conpoverty as his main theme. It sidering a European alternative, was the right one for the con-Unemployment — one of the ference which had shown its other issues which Dr Owen enthusiasm for making sacristic deleter comparison. fices in favour of the poor in the tax and benefits debate social conscience came to the fore and it began to see itself

> makings of a moral crusade that offers simplification of the system into the bargain.

It was still a risk, however. Dr Owen will never be allowed to forget it if his figures are wrong. The result was also that the Conference ended with the SDP again looking like a one-man band.

Dr Owen may have tried to the week more modestly.

age is that no the front within the parties has come up with any credible alternative policy.

It is much the same with law and order. Dr Owen toyed with the idea of making that one of the major themes in his concluding speech and may come back to it later. One of the difficulties is that, like unsupport from his own followers for a successor to Polaris and of the hig political subjects, now put tax reforms at the now put tax reforms at the centre of the political debate. No one else in Harrogate really compared with him and Mr Jenkins, the former leader and one-time Chancellor of the Exchequer, was held to making an elegant speech about politi-cal reform in which he said very little.

The next step is the Liberals at Eastbourne. They could cause some difficulties on defence and rather more on civil nuclear power. But the most interesting phenomenon is most interesting phenomenon is the way the impression is growing that they are the stronger partner in the Alliance. They have more MPs, more local councillors and win more by-elections, and the position is unlikely to change after the manageral election.

Also, Mr Steel may have emerged as the long-distance runner. There was more than a touch of good clean fun when a touch of good clean run when he referred to Dr Owen on the platform at Harrogane as on its part would be interpreted on the third anniversary of the goon, but the balance of power on, but the balance of power of Mr Zakharov on August 23, shot down.

Lombard

Own goal by the Russians

By Patrick Cockburn

recently, the Soviet Union Shuitz, his US counterpart, were seemed nicely balanced in due to meet, was seen as a test terms of its international image. of just how much Moscow was There was a chance of some prepared to take.

There was a chance of some prepared to take.

Soviet officials tend to think that nothing in international politics happens by accident. This is not a bad thought once you do not think it too often—

super powers. It is difficult to see, as have some US commensee, as have some of commen-tators, any "tactical victory" for Moscow in the simultaneous re-lease of Mr Daniloff and Mr Genaddi Zakharov, the Soviet UN official, into the custody of their own ambassadors.

On the contrary, the benefits to be gained by Moscow from either the detention or release of Mr Zakharov are minor comof Mr Zaknarov are minor compared with the disadvantages of dissipating the results of Mr Gorbachev's long campaign to convince people abroad that the Soviet Union's intentions are more benign than they might have supposed.

and its allies to slip a card from the bottom of the pack. The result is a dangerous tendency to say "let's show them we can play dirty pool too,"

There is a reason for Soviet paranois which is partly of its name a realistic convention.

have supposed.

Why did somebody in the KGB security police decide that it would be a bright idea to frame Mr Daniloff in retaliation for the arrest of Mr Zakharov a week before? The reasons are important, because they throw light on the strengths and weak-

The theory that the KGB simply ran amok does not really simply ran amok does not really hold water, although antagonism between the CIA and the KGB has grown over the past year as a result of a flurry of defections and redefections. But the framing of Mr Daniloff is more likely to be the result of three knee jerk reactions on the part of Soviet foreign policy makers as a whole:

Since relations between ploy.

In any case the Daniloff affair shows that Mr Gorbachev's quite genuine change in the way Soviet foreign policy is run has not ended the kneejerk reactions which have sabotaged it in the past. This makes Mr Gorbachev's initiatives in the US, Western Europe and China all vulnerable to the infertibility and paranois of the

 Since relations between Washington and Moscow started to improve from early 1984, the Soviet Union has been nervous that a more conciliatory policy

WHY DO Soviet foreign policy a month before Mr Eduard makers periodically shoot them. Shevardnadze, the Soviet selves in the foot? Until very Foreign Minister, and Mr George

dent Reagan.

The arrest of Mr Nicholas in which case paranola and elabaniloff, the US reporter, in Moscow on August 30 has changed all that. In as comprehensive a piece of diplomatic policy, everything from the expolicy development of 31 Soviets from Britain for esplanage last year to the arrest of Mr Zakharov can be wholly explained as a co-ordinated campaign

This paranois is all the more dangerous because the Soviet leadership is bad at co-ordinating strategy and tactics. When the overall strategic line, in this case nuclear disarmament, test bans and summitry, is laid down by the Politburo then any event which diverts attention from what Moscow wants is inter-preted as an attempt by the US and its allies to slip a card from

own making. A realistic con-spiracy theory would go like this: the Kremlin's tendency to over-react if you prod it in the right places is well known in Washington. If any faction within the administration did important, because they throw light on the strengths and weaknesses of Soviet foreign policy makers.

The theory that the KGB simply ran amok does not really a simply ran amok

fexibility and paranois of the foreign policy makers who are meant to implement them. Given these weaknesses it may

Agencies for the North

From Dr R. Hudson
Sir,—Some months ago you
reported that business people
in the North of England would in the North of England would strongly support the establishment of development agencies in their areas, modelled on the Scottish Development Agency.

On August 27 you published an article by Chris Moore and Simon Booth, who argue that "... it is a fundamental mistake... to believe that the Scottish Development Agency is a model to save the economies of England's derelict regions."

More recently (September 9). More recently (September 9), Jack Stopforth accepted their rejection of the SDA as an appropriate model for English regions and suggested that the regions and suggested that the most appropriate mechanism for industrial regeneration would be regional enterprise boards. To add to the confusion, your pages (September 10) carry the latest in a series of advertisements from English Estates, suggesting that it is already the English equivalent of the Scottish and Welsh Development Agencies.

cies.

What are we in the North-East to make of this proliferation of conflicting views? Is
there a case for a Northern Development Agency? If so, what
might it look like? Rejecting
a mechanistic transfer of a
clone of the SDA into the different cultural, institutional
and political environment of ferent cultural, institutional and political environment of English regions is, I think, correct. But this is only to reject one particular model for a Northern Development Agency rather than the idea of an agency as such. There are alternatives. In examining them in relation to the North-East, however, English Estates seems an inappropriate starting point as its activities remain restricted to constructing indinstrial estates and factory units. restricted to constructing intuitions trial estates and factory units. Attracting companies to fill these factories has depended and will continue to depend upon the activities of other agencies or, in some cases, upon designating estates as parts of enterprise zones. In contrast, with an annual budget in excess of £100m, the SDA has its own "in-house" capacity and "in-house" capacity and re-sources to undertake promo-tional activities and initiate sectoral strategies to attract new

industries and support already-established ones. Of all the organisations currently involved in regional development in the North-East, it is involved that the North-East, it is tronic that the ones that perhaps come closest to fulfil-ing the range of functions that the SDA performs, though on a smaller scale, are the New Town Development Corporations, currently threatened with abolition. If a Northern Development Agency is to emerge from existing institutions within the North East, maybe there is a manage over for the new town. Development Corporations, currently threatened with abolition. If a Northern Development Agency is to emerge from existing institutions within the North East, maybe there is a stronger case for the new town development corporations expanding to take over English

Letters to the Editor

Estates, industrial property portfolio rather than vice versa, as English suggested. Dr R. Hudson. University of Durham,

At persion as income into

Department of Geography, South Road, Durham

Main chance resisted at the Savoy From the managing director,

From the managing director,
Savoy Hotel
Sir,—Several critical comments by Mr Donald Main,
finance director of Trusthouse
Forte, were added to the halfyearly results (September 10) of
the Savoy. As I need hardly
remind you, Trusthouse Forte
has been trying for five years to
take over this company and has
so far been successfully resisted.
It is in its interests, therefore,
whenever the Savoy's results are

It is in its interests, therefore, whenever the Savoy's results are issued to belittle them.

The hotels of the Savoy group in London already have an occupancy level which is envied by many. Mr Main's remark that "we would be aiming approximately to double their earnings" would mean that the percentage of the Savoy's turnover converted to profit would have to be increased from the present 17.1 per cent to a figure have to be increased from the present 17.1 per cent to a figure in excess of 30 per cent. That is unheard of in this industry, and has certainly naver been achieved by Trusthouse Forte.

Another way to obtain such an increase in earnings would be to reise prices inordinately, or lower levels of service to an unacceptable standard, or a combination of both. As the Savoy has been in business for nearly 100 years, and Claridge's and the Berkeley for even longer, and each has maintained a reputation for quality throughout the world, it would be a disastrous policy to abanden such high standards.

A third way would be to pray that, with divine intervention. that, with divine intervention, the number of days in a year could be doubled. But I am sure that this would be beyond the capabilities even of Mr

G. R. C. Shepard. 1 Savoy Hill, WC2

Long arm of the US courts

the principle of territorial jurisdiction. The amicus brief is addressed to a question of US law and it must be read in the context of the case, which concerns the question of product liability for

an sircraft crash in the US.

The position of the UK on
matters concerning "extraterritoriality" has not changed, and the Government puts it forward on all suitable occasions. Powers exist in the Protection of Trading Interests Act 1980 to counter extraterritorial demands, and it can be expected that these will continue to be exercised in appropriate cases.

J. B. K. Rickford, 10-18 Victoria Street, SWI.

A glut of tax legislation

From Mr C. N. Beattle, QC
Sir,—Parliament has in the
past seven years under Conservative rule enacted more tax
legislation than in any other
seven-year period in this
country's history. What is the country's history. What is the matter with our Treasury Ministers and MPs that they allow such piles of rubbish to reach the statute book? The answer can only be that they could not care less.

Is it too much to hope that one day we shall have a Chancellor of the Exchequer who will procure the repeal of 99 per cent of our tax laws and refrain from loading the system with disguised subsidies given for social and economic purposes? poses? Charles Beattle. 24 Old Buildings, Lincoln's Inn, WC2.

Why the Airbus most stay independent From the national organiser,

TASS
Sir.—According to your editorial (September 12), "the sensible course" for Airbus Industrie is to drop plans to produce the AS40, collaborate instead with McDonnell Douglas on the MD-11 and invite it to co-operate on the AS30. This you say would "neatly fill the gap in the US manufacturers' range" and would be "commercially realistic." Why should an already commercially successful enterprise such as Airbus enterprise such as Airbus Industrie turn its attention to solving problems in the US

tech, skilled and design part of the operation.
So far, Airbus Industrie has remained in the forefront of

The new factor in pressing it again now is French apprehension that a Labour Government

may come to power in Britain determined to get rid of British

meant: let us start co-operation

Dr Owen may have won a vic-tory, so long as he can take the Liberals with him. He always said that the Labour Party was most vulnerable on defence. It might look even more vulner-

In terms of British politics,

technology, employment and commercial success by being independent. 1985 in particular was a commercial success for the first six months the value of the new orders exceeded that of Boeing and McDonnell Douglas combined. So why change

now?

If McDonnell Douglas does press ahead with the MD-11 as you suggest, this does not mean that it will automatically capture the market. In 16 years, Airbus has steadily built up a reputation — enhanced it would seem by the parformance of the A300 at Farnborough. It displayed flight characteristics never previously seen in a commercial aircraft. The levels of safety and separal performance safety and general performance were an excellent advert for the A320, scheduled to fly next year. Axa, scheduled to sy next year.
To interrupt this progress by
abandoning a major project
could only harm the industry.
In fact, the arguments raised by
your editorial seem simply to be
a recipe for escalating the
colonisation of European industry by the US.

try by the US.

The point at issue is to convince domestic governments of the advantages for employment. for technological advance and for commercial success of having an independent aerospace industry in Europe. This in turn may convince domestic airlines such as British Airways of the all-round benefits of buying European. A more enthusiastic British Government response than hitherts could give Airbect than hitherts could give Airbect.

than hitherto could give Airbus
the necessary armoury to ward
off any likely competition.
You quote the French Government as placing "national
prestige" and the "need to preserve jobs" above budgetary
pressures. What is wrong with
that? To participate in the next
generation of projects British generation of projects British Aerospace requires £500m from the Government for launch aid. If the Government dithers as it did over the A320, the project could be delayed and the Americans really will have a competitive advantage.

It has been said before. But unless we want Europe to

unless we want Europe to become the cuckoo-clock manufacturers of the world, its manufacturing industry must stay independent, particularly in relation to the US, An inde-pendent Airbus is crucial

C. Darke. 66, Wandsworth Common North Side, SW18.

Cautionary tale From Ms J. French.

Sir.—You referred (September 15) to the members of Gatt as the child of Belloc's rhyme, "who kept a hold of Nurse for fear of finding something worse." In fact, the child (whose name was Jim) failed to do just that, and ended up being eaten alive by a lion. Jane French,

entre plant in the first of the second of t Let Street be enough out spring bear. On the instructions of the British Broadcasting Corporation

in the heart of London's West End

An island site of 1,65 acres to include the former Langham Hotel

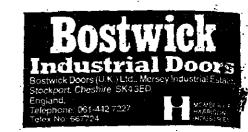


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Honeywell may buy **Sperry** aerospace division

By Louise Kehoe in Sen Francisco

HONEYWELL, the US computes and electronics manufacturer, scotched rumours of an imminent breakup of the company yesterday with the announcement of less radical cost cutting measures and the possible acquisition of Sperry's aerospace business from Burroughs,

which recently acquired Sperry.

There is no substance to rumours of a takeover of the corporation." Honeywell said late on Wed-nesday, following the publication of an analysts' report that suggested Honeywell would divest virtually all of its operations to NEC of Japan, Bull of France and Boeing of the

Honeywell's stock closed on Wednesyday at \$78% after rising to \$84 during a day of heavy trading. Honeywell's stock price contin-ued to fall yesterday as the compa-ny announced that it will reduce its worldwide workforce by 4,000 by a combination of layoffs, attrition and early retirement. The job reduction programmine will result in an undetermined charge against fourth quarter earnings, the company said. Honeywell said it needed to reduce costs in the face of increasing worldwide competition, slower growth in capital spending and low inflation. In other cost cutting

moves the company said that salary increases will be severely limited. In addition, Honeywell said it planned to complete a buyback of up to 5m shares announced in Feb-

Separetely, Honeywell said it will consider the purchase of Sperry aerospace business. In May, Honey-well held preliminary merger talks with Sperry, the company con-firmed. Sperry has subsequently been acquired by Burroughs which said last month that it was considering the possible sale of Sperry's rospace and marine group. Sperry's torpedo and aircraft complement Honeywell's defence

products, analysts noted. dissipated rumours of Honeywell's breakup, Wall Street analysts said. They noted, however, that Honey-well is still considered to be undervalued and that a divestment of the company's mainframe computer op-erations could not be ruled out, al-though it is probably not imminent.

Gatt overcomes major hurdle in negotiations

By William Dullforce and two Dawnay in Punta del Esta

A MAJOR HURDLE to a deal on the terms of a new world trade negotiation was crossed yesterday when Brazil and India agreed to negotiate on the basis of a draft agenda already accepted by a clear ma-jority of the General Agreement on Tariffs and Trade's 92 signatory na-

Hopes of a successful outcome were further raised when trade officials claimed that the long-standing disagreement over the wording on farm export subsidies and a timetable for the agriculture agenda could be settled shortly.

Dispite their concession, Brazil and India continued to oppose the inclusion of trade in services and of other new issues in Gatt which the developed world is insisting on.

The two countries - hardline opponents of an extension of the scope of Gatt - agreed to abandon their own version of the agenda on condition that amendments were made to the majority next. This immediately created a fresh diversion by calling into question issues on which it had been hoped controversy could be avoided.

The amendments call for a legal, binding commitment by all countries to desist from taking any new

Aguino threatens 'sword of war' against rebels

Aquino, in an emotion packed speech before a joint meeting of the US Congress, said yesterday that if she failed to negotiate peace with Communist guerrillas threatening the country of the communist guerrillas threatening to us. Philippines relations. Referring to her nation's \$26bn foreign debt, she was blunt and unapologetic.

"Many conditions imposed on the previous Government that was the her country, she would not flinch from "taking up the sword of war." The fifth woman to address a joint session of the Congress, she told the packed house: "I will not stand by and allow an insurgent leadership to spurn our offer of peace and kill our young soldiers, and threaten our new freedom.

The speech represented a hard-ening of her position on the issue. Mrs Aquino has been under persistent criticism from senior civilian and military officials in the Philippines for being too lenient in her approach to the long-standing Comnumist threat to the country's sta-

In her 23-minute speech, inter-rupted repeatedly by cheers and ap-plause, she proclaimed a new begin-

BY DAVID GOODHART IN LONDON

PRUDENTIAL CORPORATION,

Britain's largest life assurance com-pany, has made an agreed bid for Michigan-based Jackson National Life Insurance Company, valuing the company at £405m (\$608m).

It is the largest acquisition by the Prudential and its first venture into

the competitive US life insurance

The deal, which needs to be en-

dorsed by two-thirds of Jackson's shareholders, has also soaked up the remainder of the Prudential's

The company has been busy transforming its image and func-

tions to stay abreast of the escalat-

ing changes in the retailing of fi-nancial services. Mr Brian Corby,

chief executive, said that a presence

in the world's largest life market

However, several analysts said

that the premium of more than 60

creetly moved to punish three Brit-ish banks which defied its wishes

and participated in a \$200m floating rate note for the Bank of China ear-

In what amounts to a rap across the knuckles with the Old Lady's umbrella, it told the three banks –

Barclays, Kleinwort Benson and

Standard Chartered - that they

tion of bonds issued under the UK

All three banks took part in the

would not receive any extra alloca

\$4bn floating rate note launch

lier this vear.

earlier this month.

had been sought for several years.

£357m rights issue of last May.

PHILIPPINE President Corazon ning for US-Philippines relations.

source of this debt continue to be imposed on us, who never benefited from it... Ours must have been the

"With little help from others, we Filipinos fulfilled the first and most difficult condition of the debt renegotiation - the full restoration of democracy and responsible Govern-

not have been better, given that her visit to the US was marked by concern among conservative politicians about her vacillation over the future of two major US military bases in the Philippines after the US

Shortly after her address, it was learned that a 50-member commis-sion which is writing the new Phi-nation's) prayers for freedom.

US insurance group for £405m

Jackson, which sells only fixed-

states, is nevertheless one of the

fastest growing US insurance com-

panies. Its premium income has ris-en from \$7.1m in 1975 to \$540.2m in

Its pre-tax profit in the first six

months of 1986 was \$27.4m compard with \$18.1m for the same period of 1985.

Mr Brian Medhurst, Prudential's

managing director overseas, said

that it fitted his requirements as a

with growth prospects which could also teach the Prudential some-

UK banks punished over role

that have been in default since the

Extra allocations of unsold paper are standard practice in the Euro-

markets when some managers face strong demand. In the event there

were no extra allocations under the

\$4bn floating rate note and the

three banks concerned also did not

need extra bonds to meet demand

That meant the Bank's action

was basically technical, and did not

nist revolution of 1949

in \$200m floater for China

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT. IN LONDON

THE BANK of England has disconcern arises out of the continuing creetly moved to punish three Brit-dispute over £51m in Chinese bonds

profitable, well managed company

est-based life assurance in 34

per cent on Jackson's market capitalisation was a high price to pay to enter a turbulent industry facing the imminent uncertainty of the US rationalise the company. The existing management had welcomed a parent which would not trample on them

pany. The senior management will There were no plans to change or remain with the company

Prudential agrees to acquire

tax reforms.

lippines constitution had voted to allow the US to maintain its bases at least until the lease expires. The Commission also rejected a propos-al by nationalist-oriented commis-

"neutral and nuclear-free" area. The vote on the bases, which came hours after President Ronald Reagan handed over a cheque for \$100m in economic aid and another \$50m in military assistance repre sented a major victory for the Phi-

After 1991, the fate of the bas will be discussed in a new treaty which will require the approval of a bicameral legislature whose esta-blishment is being provided in the

sioners to declare the Philippines a

Benigno Aquino, who was mur dered two years ago after returning to the Philippines end called him

£100m of its rights issue to the ex-

pansion of its estate agency opera-tion, so it will need to borrow more

than £50m to complete the Jackson

deal. The company has a market

capitalisation of over £3bn and

£21.5m. The Prudential is the 15th

largest company in the UK by mar-ket capitalisation.

Members of the founding family and senior management of Jack-

son's have already accepted the deal for their 8 per cent stake and

the Prudential has an option an an-

other 2.5m unissued Jackson shares

if an offer is made by another com-

and done the Bank can put us out of

He said the Bank had asked

He said the bank had asset Kleinwort not to underwrite the Chinese issue out of London. "We had thought we had done exactly what the Bank wished but appar-

Now Kleinwort would ask the

ently they expected more."

Bank to clarify its wishes.

Hawkes, chairman,

said Mr Michae

Purity ruling on beer brews up a storm

JUST in time to strike horror into the hearts of hardened heer-drink ers at Munich's annual Oktoberfes the advocate-general of the Euro-pean Court of Justice yesterday called into question the purity laws protecting West German brews. In a weighty opinion likely to cause a political furore in the Fed-

clared that the West German Gov ernment was breaking the rules of the European Community by keep-ing foreign beers away from its

He challenged the laws which date right back to a Bavarian edict of 1516 – the so-called Rein-heitsgebot – and insist that beer can contain nothing more than malted barley, yeast, hops and water. Sir Gordon disputed not only the

froth but also the substance of the German arguments, that the health of the German beer-drinker could be disastrously affected by allowing foreign brews containing other additives on to the market. Bonn's lawyers had argued in

court that the foaming tankards downed in such quantities from Bremen to Bavaria constituted staple food for the average German male – making up as much as 26.7 per cent of his daily nutritional in-take. To allow additives would be a real health risk, they said. Sir Gordon agreed that additi

in food and drink could indeed be taken to excess. This time, however, he thought the argument went

too far.
The advocate-general, whose opinions usually are followed in the final judgment of the Court, backe the case of the European Commis-sion, which charged West Germany with using its purity laws to protect its brewing industry.

He rejected the German argument that beer was not a generic term, as untenabl

In language perfectly unintelligi-ble to the average drinker, he said: The beverage resulting from the ous extract of cereal grains with the addition of hops is known – everywhere in the Community as beer His conclusion was that West Germany must cease to use its been and food laws to keep out noxious foreign brews, but allow in products which conformed with the laws of other member states. That opinion is entirely in line with another clas sic judgement of the cocktail circuit - the so-called Cassis de Dijon ruling that opened up the market fo

French blackcurrant liquor.

The issue is one which arouse furious passions on the far bank of the Rhine, and could well be turned into a sparkling election issue

French plans for TV dealt a legal blow

By Paul Betts in Paris

THE FRENCH Government's new not contain sufficient anti-trus

safeguards, the Constitutional Council ruled yesterday. The Council, the country's highest legal body with the power to modify legislation without recourse found several parts of the legislation unconstitutional, although it did not oppose the Government's plan to sell TF-1, the oldest and largest state television network.

The law was approved by Parlia ment last month after a marathon

and particularly bitter debate which divided not only left and right but the right itself.

The Constitutional Council apneared worried that the deregulat-

ed French television industry could fall under the control of a small group of influential investors. The Council had raised similar objec-tions of the possible risks of the concentration of ownership in the Government's new press legisla-A number of major French com-

munications groups and private ingain a major stake in the new deregulated television market. They in-clude Mr Robert Hersent, the rightwing newspaper magnate, Mr Francis Bouygues, head of the country's largest construction group, and the Matra-Hachette group.

The latest ruling is another setback for Mr François Leotard, the French culture and communica tions minister, who has presidential ambitions. It is also likely to spark fresh criticisms from the right-wing majority over the role and course of

the Constitutional Council.

Mr Leotard said last night the the ruling by the Constitutional Council would not delay the Government's broadcasting reform. The Government is expected to modify the legislation to satisfy the CounTHE LEX COLUMN

The rewards of Courage

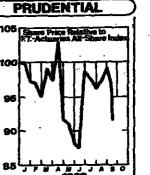
Fortune favours the brave, but Courage, it seems, goes to the pru-dent in paying Cl.Abn for the ex-Imperial brewing and wines and spirits business, Mr John Elliott has opted for the smaller, safer and more expensive of two ways to break into UK brewing. In the process he has paid a handsome com-pliment to Allied-Lyons, which has fought a classic takeover defence, driving its share price out of reach by dangling before the market the best part of another £100m in organic and acquired profit. Elders was simply not prepared to gear up and pay almost Con with only an evens chance of success.

Eders has paid a multiple of earnings that would have valued Allied at over £3.5bn. If the cash and free trade loans within Courage are taken out of the purchase price, the prospective multiple looks more like 16 times - but with efficient brewing-plant offering name of the immediate cost-savings first identified at Allied. Not surprisingly, Hanson has obliged Elders to pay a market price for the pubs it needs to double the distribution of Fosters lager in the UK and a brewing base in the Northern Hemisphere. But Elders would not be Elders if it could not reduce its capital employed, whether from selling equity in the pubs or whatever, UK brewing will never be the same again: a Brewers Society that includes both Mr Elliott and Mr Ernest Saunders may have conflicting views about the sanctity of the brewers' tie.

For Hanson Trust, and its broker, the deal is an astonishing coup. Hanson has spent just £1bn for the remaining Imperial business that should make about £200m before tax. What Hanson can now do with its reconstructed balance-sheet makes Elders' ambitions look rather humdrum. Merely by gearing up on its equity to the level of the Imperial deal, Hanson could make an acquisition of £4bn or \$6bn. In truth, Hanson is just a heart-beat (or a loan-stock conversion) away from ICL

Prudential/Jackson

The Prudential cor have spent £360m simply on mop-ping up the few independent estate agents that are left in Britain. But it seems that the proceeds of the Pru's



marked all along for a £405m acquisition in its core business of life assurance, and a leap into the US.

The chief attractions of Jackson Natural State of Parkeys and State of developed a stream of successful life products, achieving a 10-fold increase in revenues over the past five years; it has nevertheless kept its expense ratio down to a remarkable 38 per cent of the industry

expensive for the Pru's sharehol- metal prices depressed. ders will also depend on the impact
of forthcoming US tax reform; if the to state its oil and gas earnings at changes help Jackson's business all since Lasmo has yet to declare growth more they damage its taxits first half results. What is clear is shelters, any dilution should have that the obliteration of Scottish oil washed out by the end of 1987.

two businesses. One "exciting ICI" provides the growth, the other "dull any case improving the rating is not make £200m net then the shares, up supposed to be ICI's primary concern in putting the four bulk cheminost 10. That looks high enough in

'dull ICI" into a stand-alone company which must find its own cash for reinvestment or go without, ICf removes some of the drag (whether real or imaginary) on "exciting ICI". And when in the good years dull ICI, given the snappier name of Chemicals and Polymers, throws up spare cash, that cash will be handed over. Further, because C&P will be a real company, albeit wholly owned, ICI will have greater flexib ility when C&Ps reinvestment crunch comes in the 1990s. If joint ventures are the only way to replace crackers, for example, minority shareholders can be brought in A stock market spin-off is a more

tional Life – which ranked 60th in to do with yesterday's share price the US for premium income last year – are its exceptional growth record and its efficiency. Jackson has method of sharpening ICT's compet-

Rio Tinto-Zinc makes great play of the role of currency movements in the 30 per cent decline in net interim profits to £83m. Translation ing carried through on the chesp. effects have cost these figures £20m Jackson's management is recom- at the bottom line by comparison mending acceptance at \$51 per with the first half of 1985. But the share, which is \$20 over the market effect of a depreciating currency on price on Monday. On last year's tax exports can hardly be bad news for with the first half of 1985. But the rate, if Jackson succeeds in douthe operating companies. The real
bling its 50 per cent growth of the
problem for RTZ is that its oil arm
first half, the price is probably
has been savaged by the price colsomething more than 17 times this
lapse while the absence of a cheap,
year's net earnings. Whether that is
oil-induced economic recovery left.

and Cornish tin revenues has advance corporation tax problem. The City's simple idea of ICI is of acquisition if it wants to deal with this issue head on, although gearing has crept up to 64 per cent. RTZs case is that higher metals loss-making and a good reason to prices and growth from the indus-keep the rating down. That image trial businesses means a strong secmay vary from the reality, and in ond half. If that enables RTZ to seems that the proceeds of the Pru's cal businesses together. But it such an uncertain trading environrights issue were more or less earshould be the effect. By turning ment.

Centre they were taking no chances:

for the world to see - a building of immense technology and quality,

Today the achievement is there

They chose Boyis.

completed safely on schedule.

Standard Chartered declined all comment but Barclays de Zoete Wedd, the investment banking arm of Barclays, said it had been unaware of the Bank's irritation until cost the three banks any money, but Kleinwort Benson said yester Chinese issue through foreign sub-sidiaries. The issue itself was led by Deutsche Bank out of Frankfurt folday that it was taking the signal the UK floater was launched, Now owing Bank of England objection it had had discussions with the "We shall do precisely what we to its being issued in London. Its

an company controlled by the Belz-berg family, has raised its stake in Exco, the London financial services

This is just short of the 10 per cent level at which the Bank of England's "O'Brien letter" provision change brokers.

land yesterday to seek clarification on the Exco case.

group to 9.8 per cent.

come into effect. These prevent any bank or deposit-taking institution active in the foreign exchange markets from owning 10 per cent or similar to that earlier this year more of a broker in those markets when the Bank barred a proposed to avoid conflicts of interest. Exco is merger between Exco and Morgan one of the UK's largest foreign ex-

BY DAVID LASCELLES, BANKING CORRESPONDENT, IN LONDON FIRST CITY Financial, the Canadiabout First City Financial's status

We assume that the Belzbergs will be in touch with the Bank to attend to this matter," he said after his meeting. "If we are going to get into a conflict, it should be resolved

He wanted to avoid a situation similar to that earlier this year Grenfell, the merchant bank.

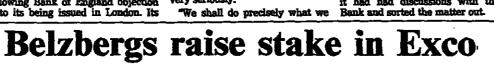
The Bank said last night that the

The Belzbergs have been steadily raising their stake since May and disclosed a 6.5 per cent interest in August. They have told Exco it is a ive investment. Mr Matthews said that yesterday's increase "had not come as any surprise."

Mr Matthews denied that he was

raising the O'Brien issue to preven the Belzbergs increasing their stake further. We have always wanted to see the O'Brien letter re-Any increase in the Belzberg's

stake would also nullify the agree ment between Exco and its largest shareholder, Tan Sri Khoo Teck Pu-



to ascertain whether the Belzbergs

now rather than later on."

Mr Bill Matthews, Exco's chief O'Brien letter was still in effect. But executive, went to the Bank of Eng- it declined to comment specifically

New suitors for CGCT

Continued from Page 1

from the bidding in July. The Itaitel-Plessey approach may benefit, however, from strong feeling in some parts of the Government that the company taking over CGCT should come from the Euronean Community,

Because the stake would carry with it access to 16 per cent of the French public switching market, AT&T has been strongly resisted by parts of the French administration fearful of opening up the domestic. market to a US multinational.

Siemens was once strongly backed as an alternative candidate. But during the last month or so it has fallen out of favour with the French Government and business circles because of the vigour with

Telecom of Canada was eliminated which it has been trying to link the from the bidding in July. which it has been trying to link the outcome of the CGCT affair to German backing for the telecommuni cations link up between Compagnie Générale d'Elèctricité and International Telphone and Telegraph of the US. CGCI, which lost FFr 200m last

year on sales of FFr 2.77bn, said last night it was unaware of the Italtel approach but said it was "flattered" that the number of suitors appeared to be growing. Mrs Marisa Bellicario, Italtel's

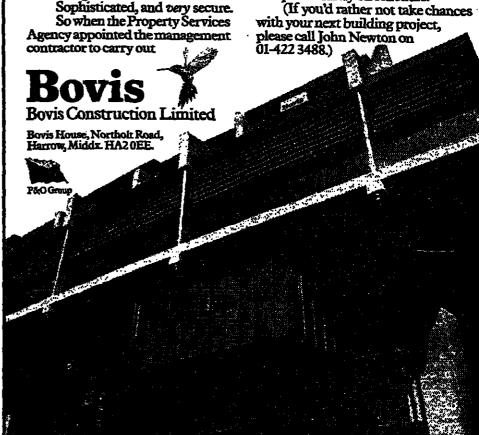
managing director, said yesterday that the Italial offer, which has the full backing of the Italian Government, had been launched as a direct result of the "events of this past summer" which has seen the joint venture between CGE and ITT

When you <u>can't</u> take chances, there's only one builder to choose. the Queen Elizabeth II Conference

When you put up a building opposite Westminster Abbey it's got to be good.

And when its main purpose is to host large gatherings of national leaders and delegates, it's got to be something else:

Sophisticated, and very secure. So when the Property Services Agency appointed the management contractor to carry out



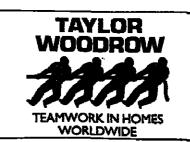




SECTION II - COMPANIES AND MARKETS

FINANCIAL TIMES

Friday September 19 1986



Union Pacific in \$1.2bn truck company takeover

road and energy company which will force the company into losses operates between Chicago, Califorpia and Texas, is taking over Overnite Transportation, a major East ty and helped to improve Union Pacific's offer of \$1.2bn
compares with Overnite's 1985 net
profit of \$39m on revenues of agreed cash transaction worth The acquisition of Overnite, one of \$1.2bn.

first positive step in a corporate restructuring of Union Pacific being masterminded by Mr Drew Lewis, the former US Transportation Section business will remain the key the former US Transportation Sec-retary and corporate turnround ex-pert who took over as the railroad's chief executive this summer.

In June Union Pacific laid the al multi-modal transportation comfoundations for this restricturing pany linking all key markets," Mr when it announced huge writeoffs, William Cook, the railway holding secompanied by a share repurchase company's chairman, sain yesser-programme, to cover closures in its day.

At \$43.25 a share, the price paid energy properties, cutbacks in its At \$43.25 a share, the price paid labour force and elimination of for Overnite appears to be a high by Union Pacific will be desposited one. Overnite's shares jumped by Although the charges, which to more than one-third, from \$31 to proval.

which operates 41 cable TV systems serving more than 350,000 subscrib-

ers mainly in the sun-belt states of

the US, said yesterday that it had

retained the investment banking firm of Shearson Lehman Brothers

to "assist in evaluating opportuni-

single-chip microprocessor to use the Harvard-style parallel architec-

tur found in supercomputers.

The company said production should start in March and pricing

Granville & Co. Limited & Lovet Labe Lendon EC3R &BP

ties for the sale of the company."

- 2

the leading road transport opera-The acquisition appears to be the tors in the eastern part of the coun-

Miami cable television group

WOMETCO Cable TV, a mediumsized cable TV company which
went private in late 1983, has been
put up for sale for a price expected to be over \$250m.

The Miami-based company

went private in late 1983 in a deal
Westinghouse Electric completed the sale of its group W cable TV business for \$1.7bn. Group W is the third biggest US cable TV group

went private in late 1983 in a deal
Westinghouse Electric completed the sale of its group W cable TV business for \$1.7bn. Group W is the third biggest US cable TV group

went private in late 1983 in a deal
Westinghouse Electric completed the sale of its group W cable TV business for \$1.7bn. Group W is the third biggest US cable TV group

When cable TV stations change

ties for the sale of the company."

Wometco Cable TV is an independent, privately-owned company affiliated to entities organised by creasing from 280,000 to 350,000, localist investment banking firms

masses we entures organises by creasing from 280,000 to 350,000, localist investment banking firms Kohlberg, Kravis, Roberts (KKR), a cated primarily in Georgia, North specialises in taking public companies private and financing the deals primarily by debt. Wometro Enterprises, parent company of the cable TV business, their increasing importance in the cable TV business, their increasing importance in the cable TV business.

duced the MCSSUSG 32-hit super-chip, which it said offers twice the announced early retirement pro-size of the reservoir

R said the MC88030 was the first D HOME OIL has made the first proval.

Telephone 01-621 1212 Member of Fimbra

has not yet been set. duce at least 1,000 barrels a day of MACK TRUCKS, Pennsylvania 36.5 deg API gravity oil, water-free.

casting, subscription TV, Coca-Cola bottling and automatic vending and entertainment machines. It had revenues in 1982 of \$493m and Wometco Cable TV had revenues of subscriber. However, some analysis estimate that values could be constituted by the constitution of the case of the cable TV had revenues of subscriber. However, some analysis estimate that values could be constituted by the constitution of the case of the case

Early last year the soft drink siderably higher for other cable TV

bottling business was sold to Coca-Cola bottling for \$300m. The cable KKR's decision to try to liquidate

put on sale for \$350m

JUNION PACIFIC, the large US rail- talled \$1.7bn in the second quarter, \$42.5 as a result of the merger an-

profit of \$39m on revenues of \$470m. However, analysts pointed out yesterday that Overnite's profits have been climbing rapidly this year, partly as a result of the benefits from cheaper oil prices. Entry into the road transport business is therefore seen in part as a way of offsetting Union Pacific's exposure to the energy sector. to the energy sector.

The merger between the two transport companies requires ap-proval of the Interstate Commerce Commission and Union Pacific said

> Société Générale has not re-leased consolidated results. The in-terim figures apply to France and foreign branches. However, it says for 1986, as a whole the group share of consolidated net income before

> ports a sharp increase in profits for the first half of this year, fuelled by increasing arbitrage operations and

margins on capital operations. Net attributable consolidated profits for the half year rose to FFr 145.6m from FFr 103m a year earlier. Risk provisions rose by 10 per cent to FFr 552m.

Banque Misr shows strong yearly growth

BANQUE MISE, the large Egyptian public sector commercial bank, re-turned net profits of EE40.5m Motorola launches 32-bit superchip MOTOROLA, the US electronics truck group, is to take a \$33.7m pre-and semiconductor group, has intro-duced the MC88030 32-bit super-sults to cover costs of a previously out further drilling to confirm the (\$30m) in 1984-85 after substantial provisions for bad debts. Provisions cent to E£277.5m in 1984-85. chip, which it said offers twice the performance of the industry leading 32-bit.

It said the new superchip performs at an average speed of about 8m instructions a second, nearly double that of Digital Equipment to associated restructuring of its organisation's (DEC) Vax 8600 super ministromenter.

announced early retirement programment programme for non-mion employees, it said about 700 employees had accepted its offer, which was designed to reduce its non-union employees. It said about 700 employees had accepted its offer, which was designed to reduce its non-union employees. It said about 700 employees had accepted its offer, which was designed to reduce its non-union employees. It said about 700 employees had accepted its offer, which was designed to reduce its non-union employees. It said about 700 employees had accepted its offer, which was designed to reduce its non-union employees. It said about 700 employees had accepted its offer, which was designed to reduce its non-union employees. It said about 700 employees had accepted its offer, which was designed to reduce its non-union employees. It said about 700 employees had accepted its offer, which was designed to reduce its non-union employees. It said about 700 employees had accepted its offer, which was designed to reduce its non-union employees. It said about 700 employees had accepted its offer, which was designed to reduce its non-union employees. It said about 700 employees had accepted its offer, which was designed to reduce its non-union employees. It said about 700 employees had accepted its offer, which was designed to reduce its non-union employees. It said about 700 employees had accepted its offer, which was designed to reduce its non-union employees. It said about 700 employees had accepted its offer, which was designed to reduce its non-union employees. It said about 700 employees had accepted its offer, which was designed to reduce its non-union employees. It said about 700 employees had accepted its offer of the reservoir.

Banque Misr is one of four large public sector banks that dominates Egyptian banking, Dr Nabil Ibrahim, chairman, was satisfied with the latest published results. He said they reflected continuing strong growth in the bank's activities in spite of Egypt's economic difficul-

I HOME OIL has made the first significant deep oil find in Saskatchewan, North Tableland 8-22, from the inreed resignation stems from the inreed resignation last from the inreed resignation as from the inreed resignat Dr Ibrahim blamed the large doubtful loan provisions on curren-cy fluctuations that had caused

Profits before taxes and provisions totalled E£158.9m.

Société Générale profits ahead 18%

By Our Financial Staff

SOCIÉTÉ GÉNÉRALE the big French commercial bank, says pre-tax operating results rose to FFr 1.1bn (\$633m) in the first half of 1986, up 18.6 per cent on the com-parable period a year earlier. The most significant contribution to the gain came from financial operations. Brisk activity in the capital markets and rising commissions

om other finance operations has helped push net interest income up 9.9 per cent to FFr 11.16bn, the bank says. It notes, however, that profit growth has been limited by declin-ing interest rates, which have tended to trim profit margins on loans, especially to corporate sec-tor. During the half-year loans rose

to FFr 164.337bn, up 6.3 per cent. Deposits rose 14.4 per cent to FFr 173.161bn.

one-time gains is expected to show a rise of at least 15 per cent from the FFr 1.31 bn of 1965. Crédit Commercial de France, the French state-owned bank, re-

a significant rise in deposits. However, loan demand slowed and lower interest rates restricted

Bousteadce also said the ra

Roustead Premet Australia.

FRANCE'S BIGGEST OIL GROUP PAVES WAY FOR PRIVATISATIONS

Elf share sale to raise FFr 4bn

Announced in principle earlier sation in December.

details of the operation have not yet test of the market's absorption ca-

capital markets possibly before the capital markets possibly before the end of the month.

of outright privatisation sales - undent about arranging the sale, end of the month. The share sale will reduce the stake of Erap, the state-owned energy holding company, in Elf from its present level of 67 per cent to just over 50 per cent.

Appropried in principle service:

The share sale will reduce the off completely its stakes in mationalised enterprises — has now lowed swiftly by at least an initial tranche of a major operation by Elf the pipe-making and glass group, is scheduled for the first denationalised enterprises.

The Erap share sale could be followed swiftly by at least an initial tranche of a major operation by Elf the pipe-making and glass group, is scheduled for the first denationalised enterprises.

THE FRENCH Government is preparing to raise around FFr 4hn (\$602m) from the sale of part of its majority stake in Elf Aquitaine, the country's biggest oil group.

Although the exact timing and the french bourse as a valuable prices.

been decided, French banks are working on bringing the sale to the The timetable for the first wave made the Government more confi-

was given authorisation to raise up to FFr 10bn through a range of diverse securities market operations including convertible bond issues. Foreign shareholders are expected to participate in both the Erap share flotation and the subsequent Elf operation to raise new capital. The French Government, however announced this week that it would keep a "golden share" in Elf, giving the Finance Minister the right during a five-year period to veto any purchase by an individual shareholder of more than 19 per

Bousteadco losses widen in first half

BOUSTEADCO Singapore, a diversified trading group, said its group after-tax loss grew to \$\$2.1m in the first six months of 1986 from a loss of \$5589,000 in the same period a year earlier, AP-DJ reports from Singapore.

The company said, however, that it expects to return to profi-tability in the second half of the year following rationalisation

The after-tax loss was increased by an extraordinary loss of \$5980,000, most of it from the disposal of an Australian investment. The rest arose from the closure of other operations and turnover in the Jan-June period fell 5.9 per cent to \$349.3m.

The group said its operating loss widened to \$\$307,000 from \$\$459,000 in the same period, while investment and other inome dropped to S\$383,899 from

tionalization programme had led to a reduction in the group's lor-rowings to \$\$21m from \$\$27.3m at the end of 1985.

The company said its leading position would be improved further by the proceeds from the sale for \$33.8m of investment in

Western Pacific to go private for \$360m

BY OUR FINANCIAL STAFF

WESTERN PACIFIC Industries, a However, this did not include Mr New York City producer of counting Howard Newman, chairman and devices, fasteners and industrial chief executive and a major share-precision components, is set to go holder. private in a deal valuing the company at about \$360m.

of intent under which an invest-ment group led by Gibbons, Green, van Amerongen, a private invest-ment banking firm, has offered to turing and office facilities in the US

The transaction is subject to the ny at about \$360m.

The company, which has had an erratic earnings record over the past five years, has signed a letter of intent under which an invest. the end of the year.

acquire Western's outstanding and worldwide, recorded net in-stock at \$155 per share. come of \$26.2m last year on sales of The company's shares, quoted on the New York Stock Exchange, jumped by \$20 to \$154% in early trading yesterday.

S168m compared with \$41.1m and the New York Stock Exchange, jumped by \$20 to \$154% in early trading yesterday. The company said that certain from its Veeder-Root unit, a major members of management would be supplier of counting, controlling members of the investor group.

SIP announces funding move

SIP, the Italian state telephone and tal issued capital would rise to SIP, the Italian state telephone and telecommunications company, yesterday announced a LA00bn (\$286.1m) increase in its share capital would rise to 163,400bn. Some 65.5 per cent of Sip is owned by Stet, an IRI financial (company) is owned by Stet, an IRI financial company. In its first half report, Sip said form of a L120bn scrip issue and a L240bn issue of new shares to exist its doubt issue of new shares to exist its description. The company is of the Amer Group for the financial year ending in Angust show the profit before taxes up 37 per cent at FM 185m. Turnover for the period rose by 19 contents of the company is of the company.

ing shareholders. The company's to- risen by 8.3 per cent to L1,929bn. per cent to FM 2,970m.

Amer sells sports unit for FM 105m

By Oill Virtanen in Heisinki

AMER GROUP, the Finnish company with interests in car imports, toacco, clothing and communica tions industries, has sold its unprofitable sports goods division to the Finnish company, Karhu-Titan, for FM 105m (\$21m).
The deal will create the world's

largest manufacturer of ice bockey sticks with annual production of 3m. Karhu-Titan will also make other ice bockey equipment. Shortly before the deal Amer de-

cided to shut down its two Canadian manufacturing subsidiaries and gave notice to all 250 employees. The deal concerns only its two re-maining plants in Finland. Karhu-Titan has manufacturing units in Finland, Sweden and Canada. The combined net sales of Karhu-

Titan's ice sport business will amount to FM 205m this year. Its other business activities, including ski manufacturing, will bring the total net sales to FM 455m this year. Amer has agreed to subscribe new shares of Karhu-Titan for FM

NEW ISSUE

These Bonds having been sold, this announcement appears as a matter of record only.

DM 200,000,000



Benetton International N.V.

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Euromobiliare S.p.A.

Banco della Svizzera Italiano Bank of Tokyo (Dentschland) Akt

Bassuc Nationale de Paris Baring Brothers & Co., Limited

the Benk Nederland N.V.

. M.M. Warberg-Brinckmann, Wirtz & Co.

puters, private branch telephone

manufacturers.

IBM also announced a new higher performance version of the RT IBM computers to be included in PC that increases the external sto-

cuts to boost sales BY LOUISE KEHOE IN SAN FRANCISCO

IBM announces price

executive officer.

US group in

IBM yesterday announced price rage capacity of the computer by a cuts and improvements on its range factor of 25, doubles the internal of high performance RISC technol-memory and doubles the number of ogy" personal computers (RT PC), users that can simultaneously work which are primarily used as engi- on the computer to 16.

which are primarily used as engineering work-stations.

Sales of the IBM RT PC have been sluggish, according to US industry analysts, who see the price cuts as a move to boost PC RT sales and to make the IBM work stations more competitive, with products offered by companies such as Sun Microsystems and Convergent Technologies.

Trechnologies.

Trec

IBM's standard personal computers manufacturers. New software proand "cloned" by dozens of other grammes will enable personal com-

Earnings flat

AMERICAN Home Products, the drugs, food and household products RHONE-POULENC, the large nadrugs, food and household products group, has signed an agreement to acquire Cheschrough-Pond's hospital products division for \$250m, AP-DJ reports from New York.

RECOMPTION FOOD AND APPOINT TO LIE Mr John Culligan, chairman and ings of FFr 1hr (\$150m).

the group's cash flow declined chief executive of American Home

cosmetics, toiletries, packaged pared with FFr 28.85bm in the first foods and clothing. foods and clothing.

\$260m takeover | at Rhône

Products, said the acquisition was slightly to FFr 24hn in the first six "an excellent fit with our Sherwood | months compared with FFr 2.6bn in the same period last year. Sales Chesebrough's interests include were also lower at FFr 27.89bn com-

Bayerische Hypotheken- und Wechsel-Bank

Merrill Lynch Capital Markets

Swiss Bank Corporation International Limited

Morgan Stanley International Dentsche Bank Aktiengesellschaft

Berliner Handels- und Frankfurter Bank

Dresdner Bank Aktiengesellschaft

Shearson Lehman Brothers International

S.G. Warburg Securities

Westdeutsche Landesbank Girozentrale

Вансе ф Кота Banca Nazionale del Lavoro Istituto Bancario San Paolo di Torino

Bank Brussel Lambert N.V.

Basque Paribas Capital Markets Limited

Credito Ros Monte dei Paschi di Siena SIGE S.B.A.

Arab Banking Corporation - Dans & Co. GmbH Banca Cattolica del Vencio S.p.A. Benkers Trast GmbH Barciays de Zocte Wedd Limited uer Landesbank Kreditaustalt Oldenburg - Girozentrale -

Berliner Bank Aktiengesellschaft Compagnie de Banque et d'Investissements, CBI County NatWest Capital Murkets Limited Crédit Commercial de France Crédit Lyonnois Creditanotals-Bankverein Dalwa Enrope (Deutschland) GmbH Darier & Cle Delbrück & Co. Deutsche Girozentrale - Deutsche Kommunaftrank -DSL Bank Destache Siedlungs- and Landescent Engklida Securities Skandinariaka Englitica Limited Fineurop S.p.A. Geffinn International Limited Generale Bank EBC Arary Bank Limited Giouzzatzale und Bank der österreichischen Sparkassen Aktiengest chaftliche Zentralbunk AG - Vienta Hestische Landesbank - Girozentrale -Goldstan Sachs International Corp.

Industriebank von Japan (Deutschland) Aktiengesellschaft House Govett Ltd. Landeshaak Rheinland-Pfatz - Girozzatrale -Bankhung Hermann Lampe Kontunnditgesellschaft Lossbard Odier International Underwriters S.A. Merck, Flack & Co. B. Metzier seel. Sohn & Co. **Les Securities Limited** Nederlandsche Middenstandsbank av The Nikko Securities Co., (Denischland) GmbH Nomura Europe GmbH Morgan Guartety GubH teteche Landechesik Girezcutsule

Orion Royal Bank Limited Pasiin International Limited Pictet International List Pract Salomon Brothers International Limited 1. Henry Schroder Wagg & Co. Limited N.M. Rothschild & Sons Limited Schweizerische Bankgesellschaft (Deutschi and) AG Société Générale Société (Jersey) Limited Swisz Volksbank Tokai International Limited United Oversens Bank SA Vereins- und Westbank Aktiengesellschaft Trinkan, & Burkhardi KGaA naichi International (Deutschland) Cashii

rfelenbank Aktienzesellackeft

J.P. Morgan & Co. Incorporated Floating Rate Subordinated Capital Notes Due December 1997 Notice is hereby given that the Rate of Interest has been

ber 19, 1986, Landon

By: Citibank, N.A. (CSSI Dept.), Agent Bank

U.S. \$200,000,000 fixed at 6-175% p.a. and that the interest payable on the release interest Payment Date, December 19, 1986 against Coupon No. 4 in respect of U.S.\$10,000 nominal of the Notes will be U.S.\$156-09 and in respect of U.S.\$250,000 nominal of the Notes will be U.S.\$3,902-26

CITIBANCO



This announcement appears as a matter of record only.

Metallgesellschaft Aktiengesellschaft

Frankfurt am Main, Federal Republic of Germany

Multiple Instrument Facility

Deutsche Bank Aktiengesellschaft

Citicorp Investment Bank Limited

U.S.\$ 75,000,000 **Multicurrency Revolving Credit Facility**

Bayerische Vereinsbank Aktiengesellschaft

Crédit Suisse

Monaco

Bank of America NT&SA Hessische Landesbank Girozentrale - London Branch

ers Thust Company Swiss Bank Corporation

Union Bank of Switzerland

County NatWest Capital Marks Limited

Girozentrale - London Branch

This announcement appears as a matter of record only.

Deutsche Bank Aktienge

Norddeutsche Lendesbenk

Union Bank of Switzerland

Heesische Landesbank

London Branch

U.S.\$ 100,000,000

Uncommitted Multicurrency Advances and Acceptances Facility

Bank of America NT&SA Baverische Landesbank Giroze

Citibank, N.A.

Crédit Lyonnais

Deutsche Genossenschaftsbank Kleinwort, Benson Limked

The Sumitomo Bank, Limited

Bayerische Vereinsbank Aktiengesellschaft Commerzbank Aktiengesellschaf London Branch

The Fuji Bank, Limited

London Branch

Facility and Tender Panel Agent Deutsche Bank Aktiengesellschaft



Metallgesellschaft Finance B.V.

Euro-Commercial Paper Programme

Metallgesellschaft Aktiengesellschaft

Deutsche Bank Capital Markets Limited

Citicorp Investment Bank Limited

Citicorp Investment Bank Limited

Credit Suisse First Boston Limited

Deutsche Bank Capital Markets Limited

lesuing and Paying Agent

Deutsche Bank Aktiengesellschaft London Branch

INTL. COMPANIES and FINANCE

Telefonica plans to withdraw from venture with Ericsson

East Asiatic

seen improving

TELEFONICA of Spain has started ITT and Compagnie Générale business, replacing the idea of a ri-conversations with Eriesson of d'Electricité (CGE) on France. gid group by that of a revolving Sweden on pulling out of their joint The future of ITT's main Spanish holding company. This means takmanufacturing venture, the semi-operation, Standard Electrica, in ing part in new ventures while spin-state Spanish telecommunications which Telefonics holds just over 20 ning off its interests in companies company said yesterday.

per cent, and its sister company, once they have become sufficiently Compania Telefonica Nacional de Marconi Espanola, is to be negotiated large and competitive. Its first Espana holds 49 per cent of the ed in a special working group be move in this direction was to open joint venture, Industrias de Tele tween Telefonica and CGE. up the capital of a telephone supjoint venture, Industrias de Tele- tween Telefonica and CGE. up the capital of a telephone sup-communicacion (Intelsa), which This group, based in Madrid, is plies company, Amper, the shares

makes public and private telephone one of two special commissions of which were introduced on the special commissions of which were introduced on the stock market earlier this year.

The planned withdrawal forms the formulasion, due to meet in producer of telecommunication of telecommunication.

when it becomes part of the redefine Telefonica's commitment Pta 1.52bn. About & planned new grouping formed by to the manufacturing side of the sales are to Telefon

The planned withdrawal forms other commission, the to meet in producer of the recommunications part of a new Telefonica policy which involves shedding some of its of the planned CGE-led venture, boldings in established supplier Eurotel, in which Telefonica initial companies. Telefonica also wants to pull out as a direct shareholder of stake.

ITT subsidiaries in Spain if and when it becomes part of the redefine Telefonica's commitment to the telefonica's commitment to the sales are in Telefonica.

EAST ASIATIC, the large Danish international trading and industrial group, is on target to increase net profits from DKr 201m last year to DKr 250m (\$32.8m).

First-half sales and gross operating profits were down, however, re flecting the effect of conversions to kroner of dollar sales and disposal

Sales fell from DKr 9.2hn last year to DKr 6.9hn and gross operating profits from DKr 2.1hn to DKr 1.5hn. However, and the control of the cont 1.6m. However, as a percentage of sales, operating profits increased from 22.7 per cent to 23 per cent.

Schindler fall in sales due to exchange rate

BY JOHN WICKS IN ZURICH

This was due solely to the ex- order for rolling stock.

Currency developments showed up much more clearly in group fig-ures for new orders. These were down by 8.1 per cent on the first six an option for Forbo to take over the months of 1985 to SFr 984.4m. With-balance of ownership in Resonal.

SCHINDLER, the Swiss angineer in this total, orders for lifts and esing company, announced a 1.2 per calators dropped 15.4 per cent to cent drop in group sales for the first SFr 803.6m; while those for other half of this year to SFr 873.6m products jumped 48.4 per cent thanks to a major Swiss railways

change rate situation. Increases in Forbe, of Zurich, is to take over a were high enough almost to offset a laminates producer Resopal Werk 15.3 per cent negative influence from the higher Switzs franc.

Boveri group.
The transaction, price has been dis

Coca-Cola hopes to sell off interests to SA blacks

COCA-COLA, the world's biggest soft drinks company which is pulling out of South Africa, plans

Mr Dunald Keough, president of Coca-Cola, said the company has been reducing its investment in South Africa since 1976 and has now decided to sell its re-

a way that creates significant, multi-racial equity participation in the South African soft drink

Turn goal is to structure the transactions in a way that in-proves the prospects of black. South Africans and increases their shillity to invest in their

ough.
The company's decision to complete the process of disinopposition to spartheid and of our support for the economic

courn auricans would still be able to buy Coca-Cola, but the secret Coca-Cola syrup would probably be supplied from one of the group's non-US operations, he added. South Africans would still be

Details of the sale of the com-pany's remaining South African holdings are being worked out.

First Distribution By Prospectus



Hope Brook Gold Inc. Cdn \$40,150,000

7.300.000 Units

Offered in Units, each Unit consisting of one Common Share and one Gold Purchase Warrant. Fifty Gold Purchase Warrants will entitle the holder to purchase one curice of gold from the company at a price of U.S. \$425. The Warrants will be exercisable from January 1, 1990 to

Price: Cdn \$5.50 per Unit

In conjunction with this offering, BP Canada Inc., a unit of The British Petroleum Company p.l.c., will purchase 9,216,182 Common Shases at \$5.50 per share, to be paid for before December 31, 1988,

5,000,000 Units offered in Canada by:

McLeod Young Weir Limited Wood Gundy Inc.

Richardson Greenshields of Canada

lifred Bunting & Co.

Geoffrion, Leclerc

2,300,000 Units offered internationally by:

McLeod Young Weir International Limited

N.M. Rothechild & Sons

Wood Gundy Inc. Shearson, Lehman Brothers

Bell Gouinlock

ASICS CORPORATION

U.S.\$12,500,000 7 per cent. Convertible Bonds Due 1997

To the Bondholders:

19th September, 1986

ASICS CORPORATION (the "Company") hereby gives notice of the issuance at 3:00 p.m. on 10th September, 1986 (London time) by the Company of the U.S.\$50,000,000 3 1/8 per cent, Guaranteed Notes due 1991 with Warrants to subscribe for shares of common stock of the Company ("shares"). The initial subscription price per share of shares issuable upon exercise of such Warrants was less than the current market price per share (as defined in the Terms and Conditions of the captioned Bonds) on 28th August, 1986 (the date on which the Company fixed the initial subscription price). The conversion price in respect of the captioned Bonds, which was previously 449.5 yen per skare, consequently has been reduced to 446.2 yen per share in accordance with the Terms and Conditions. The new conversion price became effective on 10th September, 1986 (Tokyo time).

> ASICS CORPORATION 1-1, Minatojima-Nakamachi 7-chome,

ASICS CORPORATION

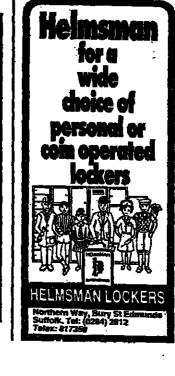
U.S.\$15,000,000 5 3/4 per cent. Convertible Bonds 1993

To the Bondholders:

19th September, 1986

ASICS CORPORATION (the "Company") hereby gives notice of the issuance at 3:00 p.m. on 10th September, 1986 (London time) by the Company of the U.S.550,000,000 3 1/8 per cent. Guaranteed Notes due 1991 with Warrants to subscribe for shares of common stock of the Company ("shares"). The initial subscription price per share of shares issuable upon exercise of such Warrants was less than the current market price per share (as defined in the Terms and Conditions of the captioned Bonds) on 10th September, 1986 (Tokyo time). The conversion price in respect of the captioned Bonds, which was previously 406.5 yen per share, consequently has been reduced to 404.9 yen per share in accordance with the Terms and Conditions. The new conversion price became effective on 10th September, 1986 (Tokyo time).

> ASICS CORPORATION Chuo ku, Kobe, Japan





World securities trading slips from regulators' grip

THE RAPID internationalisation

awareness of the need for inter-national co-operation on a wider range of issues, including those relating to the stability of the financial system. As a commit-tee of central bankers under Mr Sam Cross of the New York Federal Reserve pointed out in an authoritative report on finan-cial impovation explicit this year cial innovation earlier this year, the banking system is handling a declining proportion of the financial flows in the world economy. The result is that central banks know less about what is going on and their prudential supervision inevitably risks haddening less effective.

risks becoming less effective. Supervisory authorities in the main securities markets, mean-while, have traditionally been less concerned with systemic problems than central bankers. There is no securities equivalent of the Cooke Committee of the Bank for International Settlements, which acts as a multilateral formus for deliberations on prudential supervision. Nor have the world's leading exchange's operated lender-of-lat-resort facilities, since the collapse of broking and marketmaking firms has not, in the past, been seen as a potential threat to financial stability.

The growing inter-riationship

Leigh-Pemberton: warns on

FT INTERNATIONAL BOND SERVICE

THE RAPID internationalisation of securities trading has left the regulatory authorities for the world's main stock markets a long way behind svents. Hence the importance attached to a memorandum of understanding governing the exchange of regulatory information between Baritain and the US, due to be signed early next week.

The main focus of the memorandum is the conduct of participants in the securities markets, reflecting the powerful American preoccupation with insider tradicg. It is expected to define the circumstances and methods in which requests can be made for exchanges of informations. Although the memorandum touches on delicate issues of sovereignty, its scope is more ambitious than that of other bilasteral agreements such as those between the UE and Japan.

There is, however, a growing inter-rlationship to the seventities for the world, which has been any understanding and securities of Securities of Securities of Securities, whose original membership was confined to North and South America, now takes in a number of European and other countries. The SEC clearly regards to foster international cooperation between a bank of securities and bonds across time to define the circumstances and methods in which requests can be made for exchanges of information. Although the memorand of the world. Yet insider tradicg. It is expected to define the circumstances and methods in which requests can be made for exchanges of information and the UE and Japan.

There is, however, a growing threat plants in the securities regulators of the regulator between banking and securities supervisors did not yet exist to any useful extent. He warned that a multilateral approach is unlikely to make regulator to the stability of the

rapid progress.

Even with a bilateral or tri-

lateral approach, however, there is a difficult balance to be struck on capital adequacy. If struck on capital adequacy. It all regulators insist on separate capitalisation of securities subsidiaries, of the kind required by the Bank of England in the new gilt-edged market, international conglomerates will be hampered by excessive capital requirements.

Leigh-Pemberton: warns on multilateral approach

multilateral approach

tion there is no close of business report in 24-hour trading.

The chief concerns being voiced by central bank officials therefore include:

the danger of a non-bank collapse arising from fluctuations in the markets, in which contagion spreads to the banking system;

the need for harmonisation of clearing and settlement mechanisms to prevent any threat

hampered by excessive capital requirements.

Part of the purpose of financial conglomeration is to achieve an efficient deployment of capital and a diversification of

of clearing and settlement mechanisms to prevent any threat to the payment system; and the need to promote orderly markets.

As yet, however, there is no international agenda or adequate forum in which to discuss the issues.

As techniques."

Although the Bank of England has had some input into the new US-UK memorandum, these issues are not a conspicious feature of the agreement. Hence Mr Leigh-Pemberton's call for co-operation



Hans-Joerg Rudloff-elevated

Credit Suisse management post for Rudloff

By Our Euromarkets Correspondent

Correspondent

HANS-JOERG Budloff, deputy chairman of Credit Suisse. First Boston, has been appointed a general manager of Credit Suisse, one of the London Eurobond house's joint owners.

Mr Rudloff, a German national aged 46, is thus elevated at a stroke to a rank in the Swiss bank's management to which

management to which foreigners could not normally aspire. The move also under lines the determination of CSFB to gear up for the increasing globalisation of international securities markets.

Mr Rudioff will be respon-sible for the domestic and international securities business of Credit Suisse when he takes up his new position on January 1 next year. He will retain his pre-sent role at CSFB. Mr Jack Hennessy, chairman of CSFB said yesterday:
"We felt it was essential to find integrating mechanisms without changing the legal structure (of CSFB)."
He noted that Mr Rudloff's

He noted that Mr Rudloff's new dual role will provide a new dual role will provide a bridge between CSFB's Euro-bond business and the Swiss franc bond market as well as the commercial banking business of Credit Suisse. Both considerations are im-portant because of the curportant because of the currency and interest rate swaps which now underly the majority of international capital market issues.

Market makers to discuss draft rules today

By Alexander Nicoll EUROBOND market makers will today resume a debate on They will meet in London under the auspices of the Association of International

pletely redrafted since a meeting of 120 market making firms in July. General support was given then to the concept of having rules, but the most

ont.

The rules, if approved, will establish a register of reporting dealers who will be committed to basic obligations on such matters as trading hours, minimum lists of bonds on which they quote prices, and on disclosure of closing prices.

prices.

Though they have been drawn up separately from the imposition of a new self-regulatory structure now under way in British securi-ties markets, they could be a step towards the Eurobond market's compliance with new rules.

	US QUARTERLIES			
	AMERICAN GREETINGS Greetings cards			
	Second quarter	1986 S	1995	
	Kevenue ,	226.Bm	216.4	
- 1	Net profits	4.61m		
- ;	MOI DOT SAUTO	0.14	0.2	
	Six months			
	Revenue	470.6m	440.3	
	Not profits	21.7m	23.7	
	Not per share	0.67	0.7	
	DATAPOINT			
- 1	Computers			
	Fourth quarter	1986	1985	
i		\$	ş	
	Revenue	89,1m	87.B:	
- 1	Net profits	231,000	13.68	
	Not per shere	0.01	0.7	
- 1	Year			
	Revanue	325.2m	380.3	
	Net profits	18.58m	184.6	
- 1	Net per share	0.48	14.3	
	† Loss.			
	FEDERAL EXPRESS			
- 1	Delivery service			
1	First quarter	1986	1985	
. 1	'	\$	\$	
	Revenue	733.1m	589.3r	
	Not profits	24.8m	31.0	
	Net per share	0.48	0.6	
i	GENERAL INSTRUMENT			
	Cable TV, samioonduct			
1	Second quarter	1996	1986	
		Š	S	
	Revenue	208.7m	167.9	
	Net profits	2.99m	2.58	
	Net per share	0.09	10.0	
	Six months	4.00	,0.0	

Bonds shake off their lethargy

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

THE EUROBOND market recovered from its lethargy of earlier in the week with a total of \$350m in new fixed-rate paper on offer yesterday, though most of it was helped by speciality appeal.

Dealers said that the more stable tone of the markets over the last two or three day had seen some investors nibbling away at cheaper priced paper, but the overall tone is still fragile with secondary market prices turning slightly weaker in afternoon dealings yesterday after a firmer opening.

First off the mark was Union Bank of Switzerland with a Successful to the Switzerland with a Successful to the Switzerland with a Sissue, there year deal carrying a coupon of 7 per cent and led by its UBS (Securities) subsidelary.

UBS issues have a reputation for going well because of the bank's large placing power with nortokloi investors in Switzer in the week with a total and it carries a coupon of 14f per cent with issue price an earlier 11 per cent fees. The bond its 12 per cent issue due 1989 which is being called at 1001 per cent. The other was care an earlier 11 per cent fees at 100 at 100 per cent. The other was for Banque for Switzerland with a supposit to a single A 1011. Bayerische Landesbank of 2 per cent issue due 1989 which is being called at 1001 per cent. The other was for per cent and led by its UBS (Securities) subsided at 1001 per cent and led by its UBS (Securities) subsided at 1001 per cent and led by its UBS (Securities) subsided at 1001 per cent and led by its UBS (Securities) subsided at 1001 per cent and led by its UBS (Securities) subsided at 1001 per cent and led by its UBS (Securities) subsided at 1001 per cent and led by its UBS (Securities) subsided at 1001 per cent and led by its UBS (Securities) subsided at 1001 per cent and led by its UBS (Securities) and the carrier an earlier 11 per cent fees. The bond to a single A 1011. Bayerische Landesbank cent it as upgraded to a single A 1011. Bayerische Landesbank cent it at 1001 per cent and per cent it was upgraded to a single A 1011. Bayerische Landesbank

by its UBS (Securities) subsidiary.

UBS issues have a reputation for going well because of the bank's large placing power with portfolio investors in Switzerland, but this deal, which is priced at 101, incorporates a paper had been preplaced in the Far East so that no trading level was available.

The floating-rate note market has also been showing signs of the deal which traded at a net margin of 40 basis points over the equivalent US Treasury bond, but there was little doubting the success of the deal which traded at a discovery this week and issue of the first Eurobond ANZ has the first Eurobond ANZ has centrally in the success of the deal which traded at a discovery traded well within its with issues in yen, Australian dollars and Canadian currency.

UBS (Securities) launched a dollars and Canadian currency.

The other was for Banque of Car57m, five year, 9½ per cent through and claration currency of Alberta is raising Swedish robotics manufacturer. Swedish robotics manufacturer, which carries an additional currency cent through an elight-year deal priced at 102 and led by Morgan Stanley, which said the paper had been preplaced in the Far East so that no trading level was available.

The other was for Banque of Car57m, five year, 9½ per cent through andilars and Canadian currency.

UBS (Securities) launched a Car575m, five year, 9½ per cent through andilars and Canadian currency.

UBS (Securities) launched a Car575m, five year, 9½ per cent through andilars and Canadian currency.

UBS (Securities) launched a Car575m, five year, 9½ per cent through andilars and Canadian currency.

UBS (Securities) launched a Car575m, five year, 9½ per cent through manufacturer.

SFr 119m, 10-year 4½ per cent through collars and Canadian currency.

UBS (Securities) launched a Car575m, five year, 9½ per cent through manufacturer.

SFr 20m through anditional currency convertible bond Capturency convertible bond Captur

AIG and Salomon in insurance venture

BY WILLIAM HALL IN NEW YORK

AMERICAN International Group (AIG), the big US insurance company, and Salomon Brothers, the Wall Street brokerage firm, are planning to issue tax-exempt bonds in a bid to help the growing number of US local authorities which cannot obtain adequate insurance cover.

The move is believed to be the the first that a Wall Street investment bank has been called in to help solve the growing shortage of insurance cover. If successful, it could prove a useful source of new capital for the US insurance industry. It is also a new example of the rapid growth of securitising various aspects of the US financial markets.

AlG risk management and Salomon Brothers bave formed a joint venture which will structure self-insurance programmes and Salomon Brothers bave formed a joint venture which will structure self-insurance coverage, and there the first that a Wall Street investment bank has been called in to help solve the growing shortage of insurance cover. If successful, it could prove a useful source of new capital for the US insurance industry. It is also a new example of the rapid growth of securitising various aspects of the US financial markets.

AlG risk management and Salomon Brothers bave formed a joint venture which will structure self-insurance programmes and Salomon Brothers bave formed a joint venture which will structure self-insurance programmes for municipal clients. AlG will provide the insurance coverage, and there seem that includes individual premium costs. The premium costs. The premium costs. The premium costs that the group programmes and the self-insurance programmes and counties to manage their own unnicipalities with difficulty in obtaining liability in spontance over. He said that the group programmes and counties to manage their own unnicipalities with difficulty in obtaining liability in securities of municipalities with difficulty in obtaining liability in securities of municipalities with difficulty in obtaining liability in securities of the biggest firms in the municipal clients. We are talking

This announcement appears as a matter of record only.

NEW ISSUE

18th September, 1986



MITSUI & CO., LTD.

Japanese Yen 25,000,000,000 $8\frac{1}{2}$ per cent. Bonds due 1991

Issue Price: 113 3/8 per cent.

Nomura International Limited

Mitsui Finance International Limited

Bank of Tokyo International Limited Citicorp Investment Bank Limited Daiwa Europe Limited Fuji International Finance Limited Mitsui Trust International Limited

Morgan Stanley International The Nikko Securities Co., (Europe) Ltd.

Smith Barney, Harris Upham & Co. Incorporated

Banque Nationale de Paris County NatWest Capital Markets Limited Deutsche Bank Capital Markets Limited Goldman Sachs International Corp. Samuel Montagu & Co. Limited New Japan Securities Europe Limited J. Henry Schroder Wagg & Co. Limited

Yamaichi International (Europe) Limited

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market's computance with new rules.

After rejecting a proposal that identities of parties to deals done through brokers be disclosed, the market makers will vote today on a compromise solution under which the brokers could be without to another the another to another the second computation. subject to audits if they were suspected of dealing with cus-tomers other than the market makers.

INTERNATIONAL COMPANIES and FINANCE

Consolidated-Bathurst Inc.

has completed the defeasance of the Trust Deeds covering certain secured Debentures of the Company in the amount of

Can. \$103,695,000.

The Trustee having been satisfied in accordance with the provisions of the Trust Deeds, the Trust Deeds have been cancelled and the floating charge and restrictive covenants are no longer in effect.

The undersigued acted as financial advisor to Consolidated-Bathurst Inc. in connection with its defeasance and the repurchase of certain outstanding Debentures.



ORION ROYAL BANK LIMITED

A member of The Royal Bank of Canada Group

September 19, 1986

Banco de Bilbao

Consolidated Finance Group Financial Highlights for the first six months of 1986

(US \$ millions) Half-year ended

	30.06.86	30.06.85	Increase %
Profit before tax, minority interests & amortisation of goodwill Net Profit Earnings per Share (dollars)	128.7	100.1	28.6
	89.9	70.1	28.3
	1.90	1.48	28.4
Shareholders' Funds Customers' Deposits Advances Total Assets	914.0	800.6	14.2
	15,273.8	14,693.7	4.0
	9,128.9	8,359.8	9.2
	19,840.2	19,493.7	1.8

Conversion rate US \$1 - 140.21 pesetas.

*Figures are unaudited, but have been prepared on a basis consistent with that of year-end audits.

● Gross profits for the first six months of 1986, at 18,051 million pesetas (US\$ 128.7m) show an increase of 28.6% over comparable

● First half results for 1986 reflect a general improvement in profitability and margins and a marked reduction in operating costs.

Forecasts for the full year imply that Group objectives as regards net profit growth and EPS should be easily achieved.

Tokumaru deal gives reprieve to

Kurushima

By Our Tokyo Staff

TOKUMARU KAIUN, which TUKUMAKU KAIUN, which is the largest debtor of the troubled Kurushima Dockyard, has reached agreement with its main creditors, including Taiyo Kohe Bank and Dailchi Mutual Life Insurance, to salvage the company's finances, probably starting from next manth.

The plan is designed to provide a breathing space for Knrushima Dockyard, to which Tokumaru owes interest-bearing debts worth Y25nn (\$161.6m). A further detection in Tokumaru's deterioration in Tokumaru's position would seriously ham-per the reconstruction of Kurushima Bockyard.

Gen. Oriental

GENERAL ORIENTAL In-vestments 49 per cent-held subsidiary, Gaylord Holdings, has agreed to sell Gaylord Container for \$260m, Reuter reports from Hong Kong.

The buyer was not named but General Oriental said the transaction is subject to prospective purchaser.

per cent interest.

General Oriental, regis-

CREDIT NATIONAL £160,600,000 Goaranteed Floating Rate Notes 1995 Unconditionally renteed as to payer

quarter by 59% to Y7bn

SONY, the big Japanese consumer electronics manufactures, has reported a 59.5 per cent drop in net profits for the third quarter to Y7.0850 (345.9m) from Y17.4850 in the third quarter of last year. At the same time, it lowered its income forecast for the year to end October to Y466n from an initial projection of Y625n—at least 35 per cent down from the

AUSTRALIAN National house tries, the diversified engineer-ing group, achieved a 23 per cent profit increase from A\$46.04m to A\$56.6m (US\$35.3m) in the year to June

(US\$35.3m) in the year to Julie 30 on sales up 16 per cent to A\$1.27bn. The company has declared a dividend of 16.5 cents Mr Neil Jones, managing director, said nearly all divisions had improved in the year and that prospects for the cur-

October to Y46bn from an initial projection of Y62bn—at least 35 per cent down from the previous year.

Group sales in the third quarter fell by almost 16 per cent to 33.2 per cent of the total. For the full per cent lower against the same period last year, mainly as a result of the steep appreciation of the yen against the dollar. The forecast for the year's sales

Margins on Sony's traditionally high export sales were squeezed during the quarter, sewerely eroding operating profits to a slim Yl.Son. Net profit performance was maintained largely by large gains on forward foreign exchange

Fairfax profit up despite rising costs

By Robert Kennedy in Sydney

JOHN FAIRFAX, the Sydney based media group, overcame a higher interest bill to increase profit by 4 per cent to a record A\$44.84m (US\$27.9m) from A\$43.04m in the year to June 30.

while the group was reinctant to predict how it would fare in the current year, it indicated that debt would be considerably reduced. The group will be receiving ASSEM in dividends from the sale by its 42 per cent owned Australian Associated Press of its Reuters "B" shares.

If this was all used to retire debt Fairfax could halve its interest bill in 1986-87.

In the year just ended interest charges rose from A\$14.5m to A\$51.97m because of higher rates and increased borrowings for acquisitions in the local newspaper and radio market. AUSTRALIAN National Indus-tries, the diversified engineer-ing group, achieved a 23 per increase access to export markets and increase and increase access to export markets and increa

The company acknowledged that the profit increase was relatively subdued compared with the 40 per cent and 101 per cent profit increases in the previous two years, but added that they considered it to be assisfactory."

The annual dividend has been increased to 12.5 cents a share with a final of 7.5 cents. Operating revenue increased 14 per cent to A\$817.7m.

per cent to A\$817.7m.

The directors said the result had been influenced by "the continuing dominant positions of The Age and The Sydney Morning Herald in the classified advertising field in which the classified volumes of those newspapers increased by 10 per cent and 23.7 per cent above the previous financial year."

The trading profit of Fair-

The trading profit of Fair-fax's magazine promotion arm increased substantially and the radio area also performed well.

Sony income falls in third

Exports boost ANI earnings

Takumaru Kaima operates refrigerated ships and deals with Japan's major fishery companies, it has been in the red for some time, and posted a pre-tax loss of Y150m, on turnover of Y150m in the year to February 1986. Its liabilities reached Y120bm at the end of August 1986.

Several dealing banks and trading houses have provided a moratorium on loan repayment by Tokumaru since the begining of this year. The main creditors such as Taiye Kobe Bank, Dailchi Mutual 146 Ingresson Micros Tokumaru Mutual Mode Bank, Panem manual Life Insurance, Nippon Trust and Banking, and the Nippon Credit Bank, have agreed far-reaching financial support. The banks are discussing in detal reducing interest rates.

in \$260m sale

Gaylord Container is a US
manufacturer of kraft board
and paper and corrugated
boxes. It is the former container division of Crown
fellerbach of the US, in
which the General Oriental
group has a more than 50
ner cent interest.

Gaylord Holdings is 97 per cent held by General Oriental Securities Partnership, in which the General Oriental group is the general manag-ing partner.

and listed in Hong Kong, is controlled by Mr James Goldsmith, its chairman, the Anglo-French businessman.

THE REPUBLIC OF FRANCE In accordance with the terms and confisions of the Notes, notice is hereby given that for the Notes, action is hereby given that for the

> Hambros Bank Limited Agent Bank

Monier results lifted by US operations

BY OUR SYDNEY CORRESPONDENT

MONIER, the building products company relied heavily on US operations to achieve a 5 per cent profit increase to a record A\$325m (US\$20.2m) in the year to June 30. The company said its Australian division had turned in a poor performance on the back of a soft housing market.

to A\$720.8m. The US contribution rose by 41 per cent to A\$10m on sales of A\$224m

Directors said the surging profit was in part due to shifting exchange rates as well as strong US demand.

Anstralian earnings for the ompany in the year fell 4 per cent to A\$21.6m Directors said the outlook for this year was better for opera-tions outside Australia and further expansion was planned in the robust US market.
A one-for-10 bonus issue was
declared following the result.

THIS ANNOUNCEMENT APPEARS AS A MATTER OF RECORD ONLY

ing access to export markets and forecast a 20 per cent growth in exports this year.

"We are starting to see some real growth opportunities coming from a number of our traditional export areas. We extend the per cent of the year was distribution (37 per cent), contracting per cent), manufacturing (18 per cent) and services the per cent of the year was distribution (37 per cent), manufacturing to per cent.

Manufacturing enjoyed the profit.

exports this year.

"We are starting to see some real growth opportunities coming from a number of our traditional export areas. We expect to see ANI's earnings from offshore businesses and from export activities being somewhere in the order of 20 per cent), manufacturing (18 per cent), manufacturing (18 per cent) and services.

Manufacturing enjoyed the greatest improvement in profit, helped along by a five-month contribution from its ASIm purchase of Comsteel Vickers.

FINANCIAL BENEFIT GROUP, INC.

1,200,000 SHARES

THE UNDERSIGNED HAS PURCHASED THESE SHARES IN A PRIVATE TRANSACTION AND ARRANGED THEIR SALE TO INSTITUTIONAL INVESTORS OUTSIDE THE UNITED STATES

FOX-PITT, KELTON N.V.

JULY 28, 1986

Standard & Chartered

Standard Chartered PLC (incorporated with limited liability in England)

£300,000,000 Undated Primary Capital Floating Rate Notes of which £150,000,000 comprises the Initial Tranche.

In accordance with the Terms and Conditions of the Notes, notice is hereby given that for the three months period (31 days) from 18th September to 18th December, 1986, the Notes will carry an Interest Rate of 10¼ per cent. per annum. The interest payment date will be 18th December, 1986. Coupon No. 6 will therefore be peyable on 18th December, 1996 at £1,277-74 per coupon from Notes of £50,000 nominal and £127-77 per coupon from Notes of £5,000 nominal.



J. Henry Schroder Wagg & Co. Limited Agent Bank

US\$250,000,000 GUARANTEED FLOATING RATE SUBORDINATED CAPITAL NOTES DUE SEPTEMBER 1996 Citicorp Overseas Finance Corporation N.V.

d with finited Sobilty is the Netherlands Antiffed Unconditionally guaranteed by

CITICORPO Notice is hereby given that the Rate of Interest has been fixed at 67/6% and that the interest payable on the relevant Interest Payment Date, December 19, 1986, against Coupon No. 9 in respect of US\$10,000 nominal of the Notes will be US\$156.41 and in respect of US\$50,000 nominal of the Notes will be US\$782.03.

eptember 19, 1986, London By: Citibank, N.A. (CSSI Dept.), Agent Bank CITIBANCO

Financière CSFB N.V. U.S. \$150,000,000

Junior Guaranteed **Undated Floating Rate Notes** Guaranteed on a subordinated basis as to payment of principal and interest by

Financière Crédit Suisse-First Boston



Interest Rate

61/4% per annum 19th September 1986

19th December 1986

Interest Period

Interest Amount due 19th December 1986

U.S. \$78.99 per U.S.\$ 5,000 Note U.S. \$1,579.86 per U.S. \$100,000 Note

> Credit Suisse First Boston Limited Agent Bank

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FINANCIAL TIMES SURVEY

Friday September 19 1986

Employee Welfare

IN A MODERN, forward-looking organisation, employee welfare adds up to something much bigger and more dynamic than amerely abiding by legal requirements to provide a safe working

Industrial relations, produc tivity and staff loyalty can all be influenced for the better by the quality of working condi-tions and benefits provided by employers. In fields where skilled staff are in short supply, benefits in addition to direct pay can make the difference between retaining and losing key per-

This is leading to increased efforts to make the workplace a more attractive as well as a safe place, and to devise sophisticated benefits packages and other non-pay trimmings for em-ployees.

But however good a company's fringe benefits may be, the most important basic welfare need remains the protection of em-ployees from the risk of damaging their health at the workplace and the prevention of occupa-

In Britain, responsibility for advising industry and monitoring occupational health problems is in the hands of the Health and Safety Executive's medical services. The sharp idealing in manufacturing and Bisk levels are no less great

. .

Concern has ranged over pos-sible mucular, visual and skin problems and dangers to preg-nant women. The field remains one where there is far more debate than conclusive

of medical services, said when are also included presenting his most recent re-

The quality of working conditions and fringe benefits can influence productivity and industrial relations. Protection of health remains the most important need.

Value of broad approach

to implement or consider re-commendations from a House of opposed. Lords Science and Technology A leading exception to this

Lords Science and Technology
Committee investigation into state agreement between the occupational health and hygiene services, which included a call for an occupational health Code of Practice for various types of industry to be developed.

A serious disparity between the excellent occupational health services which have been developed by some large employers and the poor provision in many medium-sized and small companies was noted by the House of Lords committee.

A leading exception to this is the agreement between the Electrical and Flumbing Unions and the Electrical and Flumbing Unions and the Electrical and Flumbing Unions and the Electrical Contractors Association which has provided some 50,000 employees with medical insurance through BUPA.

About 15,000 of the electrical contractors association which has provided some 50,000 or the electrical contractors association which has provided some 50,000 or the electrical contractors association which has provided some 50,000 or the electrical contractors association which has provided some 50,000 or the electrical contractors association which has provided some 50,000 or the electrical contractors association which has provided some 50,000 or the electrical contractors association which has provided some 50,000 or the electrical contractors association which has provided some 50,000 or the electrical contractors association which has provided some 50,000 or the electrical contractors association which has provided some 50,000 or the electrical contractors association which has provided some 50,000 or the electrical contractors association which has provided some 50,000 or the electrical contractors association which has provided some 50,000 or the electrical contractors association which has provided some 50,000 or the electrical contractors association which has provided some 50,000 or the electrical contractors association which has provided some 50,000 or the electrical contractors association which has provided some 50,000 or the electrical contractors ass

been developed by some large amployers and the poor provision in many medium-sized and small companies was noted by the House of Lords committee.

Officials in the Health and Safety's Executive medical services estimate that up to half the British workforce — some lom to 12m people—work in places where there is little or no occupational health provision.

Bisk levels are no less great in such workplaces, and they are equally no less great in such workplaces, and they are equally no less great in small businesses which lack proper specialist advice. Since many small firms could not afford — and often weuld not require — full-time protessions their lifestyles.

Company-financed or subsidied membership of health and small businesses who already provide a more deputing in putting managers through fitness physicals—provide wouchers to increase their daily face value.

At present 14 000 British common to many medium-sized as received health support, the executive is trying to encourage as should be severally and state to the wast taken over by the French-over the potential for expanding the provide a microard with files of the league. The level of tax for league. The level of tax for league. The level of tax for available on meal vouchers to the value of \$500m a year are used but the average daily spend in Britain —550 compared with files in Evaluation and the bottom of the league. The level of tax for available on meal vouchers to the value of \$500m a year are used but the average daily spend in Britain —550 compared with files in Evaluation and the bottom of the league. The level of tax for available on meal vouchers to the value of \$500m a year are used but the average daily spend in Britain —550 compared with files in Evaluation and the state of the league. The level of tax for available on meal vouchers to the value of \$500m a year are used but the average daily spend in Britain —550 compared with files in Evaluation and Evaluation and the state of the league. The level of tax for a valiable on meal vouchers to lems is in the hands of the Health and Safety Executive's imedical services. The sharp decline in manufacturing and other traditional, industries during recent years has produced notable changes in the type of problems confronting the executivea.

A surviving list of industrial diseases which have to be notified by law under the Factories Act such as phosphorous poisoning and toxic jaundics — describe little about the true nature of occupational health have to be notified by law under the Eactories active little about the true nature of occupational health have to be notified by law under the Eactories active little about the true nature of occupational health have to be notified by law under the Eactories active little about the true nature of occupational health provided well-developed occupations which do provide well-developed occupations being increasingly less relevant to present-day problems.

In the hands of the notice is little or no occupational health provision.

Risk levels are no less great in small businesses which lack in s

roblems and dangers to pregamt women. The field remains me where there is far more that the provision of healther food one.

In a similar way, encouraging usually the case—an individual one, the provision of healther food one.

Often, says the ASTMS policy, ing workplace exercise and sporting facilities and finding problems are advised to change jobs; too rarely is it recognised that it is the job itself which are also included.

jobs in a clear and fair way." in collective agreements, how dence or The executive is continuing ever, remains a sensitive issue disease.

being increasingly less relevant to present-day problems.

New worries have arisen, of which the most familiar surround the widespread introduction of the visual display unit. With the advent of the VDU thit th

of medical services, said when presenting fils most recent report that while many good employers understood the need for sound advice on occupational health, large sections of industry had yet to do so.

"Unfortunately, much of our work in the field is assisting industry to come to grips with health problems which have arisen only because of a failure to recognise known risks or to control them." Dr Carter said.

"This is especially true of the less publicised but common occupational illnesses such as included.

Some companies not only give advice and counselling, but are now offering their employees more extensive health needs to be changed.

A Health and Safety Executive-like involving instructors in driving instructors in the field is assisting and employees both medical insurance and medical screening in the first is the job itself which needs to be changed.

A Health and Safety Executive-like involving instructors with the Department of Experimental Psychology at the British United the British United

less publicised but common occupational illnesses such as
asthma, dermatitis and repetitive strain injuries. We also
frequently become involved at
a late stage when employers
have failed to consider the medical suitability of individuals for
jobs in a clear and fair way."

by other companies.

The provision of private
medical insurance as part of
insurance as

Accidents at work

Fears on safety standards

FEARS THAT safety standards in the workplace are declining led to delegates to the TUC Congress this month passing a resolution which accuses many employers of showing a "blatant disregard" of the Health and Safety at Work Act.

The TUC intends to draw up the safety at the safety are required by law to have written health and safety at Work Act.

The TUC intends to draw up the safety are required by law to have written health and safety accidents depends upon these period showed that only 192

disregard" of the Health and Safety at Work Act.

The TUC intends to draw up its own 10-year programme to improve health and safety at work. Delegates to Congress called upon the TUC General Council to press the Government for an immediate substantial increase in the factory inspectorate, and for expanded powers for enforcement agencies.

Delegates to Congress to Congress well as in filing cabinets.

Efficient, regular monitoring that no reasonably practicable precautions could have been shown to be an essential feature of the remaining accidents included the use of inadequate the Health and Safety Executions of the remaining accidents included the use of inadequate the Health and Safety Executions of the remaining accidents included the use of inadequate the safety accidents prevention and—in many conditions; inadequate training independs were unavoidable in the sense that no reasonably practicable precautions could have been by managers has been shown to be an essential feature of the remaining accidents included the use of inadequate the safety accident prevention and—in many conditions; inadequate training accidents over a three-year programme to written policies existing in day.

Were unavoidable in the sense that no reasonably practicable precautions could have been by managers has been shown to contributed to be an essential feature of the remaining accidents over a three-year programme to written policies existing in day.

Causes which contributed to be an essential feature of the remaining accidents included the use of inadequate tools or equipment; had maintend to the remaining accidents included the use of inadequate tools or equipment; had maintend to the remaining accidents included the use of inadequate tools or equipment; had maintend to the remaining accidents in the sense of the remaining accidents

tive's accident prevention nance; hazardous working conditions; inadecnate training or supervision, and—in many procedures.

The starting point of the guidelines is that "accident statistics are only one index of performance and even then are only an index of failure." It is calculated that for each major injury accident there are 10 property damage incident there are 10 property damage incident there are 20 primarily responsible for the mimber of people seriously.

The guidelines say: "Any include more accurate reporting procedures in recent that the increase also reflects the increase also reflects the increase also reflects the particularly those in recently-launched small businesses—

tive's accident prevention nance; hazardous working or supervision, and—in many cases—either employers of indivisions indexend the range of the starting point of the guidelines is that "accident of the guidelines and even then are only an index of failure." It is calculated that for each major injury accident there are 10 property damage incident there are 20 near misses. The guidelines say: "Any organisation experiencing a considerable number of near misses or damage-only accidents."

The reasons for this cannot be precisely determined, and may include more accurate reporting procedures in recent particularly those in recently and possibly fatal accidents."

The guidelines say: "Any organisation experiencing a considerable increase in injury accident there are 20 near misses or damage-only accidents."

The guidelines say: "Any organisation experiencing a considerable increase in injury accidents analysed, employers are responsible in the fatal accidents analysed, employers are responsible. The guidelines advocate the establishment of safety audits which should be "positive held to be jointly responsible."

Alant Pike launched small businesses which should be positive

annual turnover of £51m. Luncheon Vouchers has set itself a target of expanding this to £71m within three years,

Another welfare issue which Another Weither issue which is receiving increasing attention is the problem of passive smoking — non-smokers being forced to breathe air poliuted by the smoke of others. A number of organisations in the tree merate policies which Health First, a private health insurance company, has this summer launched what it believes is the first initiative to encourage employers to improve the nutritional value and quality of canteen and staff restaurant food. Companies joining the scheme can have their canteen menus analysed on

restaurant form of the most important the nutrition computer at the Nuffield Institute as a basis for introducing selections of healthier food.

Wany employers without employees and managers than it describes the selection of the most important subjects relating to employees' welfare, and one which traditionally has been treated with much less interest by many employees and managers than it describes. deserves, is pensions. Changes are coming here too.

On November 1 new govern on November I new govern-ment regulations on the dis-closure of occupational pension scheme information come into force. These will require trus-tees of schemes to provide ex-tensive information, including audited accounts, actuarial valuations and annual trustees

their daily face value.
At present 14,000 British companies give Luncheon Vouchers VDUs conditions for using





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Pension schemes

Greater involvement by staff

THE PROVISION by employers of pensions and other benefits to employees and their dependants is a longstanding employee benefit—by far the most valu-able of all the benefits provided. able of all the benefits provided.

It has developed over the decades from being a welfare "grace and favour" provision made only to selected employees or groups of employees to the present arrangement of being considered as a "deferred pay" entitlement available to all employees with rights secured in a company pension scheme. in a company pension scheme, established under a trust—that is separated completely from the company's own assets and financial structure.

Pensions and allied benefits are now accepted as an integral part of an employee's remuneration—a package where the terms are negotiated between the employee and the employees' trade union representatives.

Employees and their representatives are becoming more involved in the running of company pension schemes as employee representatives on the trustees boards and in the various administration commit-

This development of corporate pension provision has been fostered and encouraged by successive governments through generous tax arrangements. mat are exempt of UK taxes.

Pension payments themselves will have the right to opt out the cash sums available at retirement or paid on the death of an employee while still at work are paid tax-free.

However, the present Currently over the decades.

From April 1988, employees will have the right to opt out of their company scheme and make their own pension provision through a new-style personal pension.

Currently Contributions get full tax re-lief and are invested in funds



own benefit entitlements and attitude by employers towards details on the financial state of pension provision for their

Company pension schemes, in the main, operate on the defined basis, with the pension paid to employees at retirement being now have their accrued pension rights protected, to a certain degree, against inflation, while they have the option of taking the cash sum equivalent from their previous employer's scheme and investing it in an annuity from a life company. related to years of service and earnings at or near retirement. The employee knows the amount of pension in relation to his annuity from a life company.

The 1986 Social Security Act, if and when it is implemented in April 1988, will change the whole concept of pension provision which has been built up over the decades. resonal pensions, in contrast, operate on a defined contribution basis. The level of contributions is known, but the ultimate pension will depend not only on the level of contributions but on investment conditions during the working life of the applicate and above all

an employee while still at work are paid tax-free.

However, the present Government is introducing sweeping changes in the UK's corporate palsory for employees as a conpensions field. The 1985 Social Security Act has given employees es valuable rights to obtain information from their pension personal pension arrangements. This change will require a new

The Government has decided Earnings Related Pension force Scheme (Serps) even though the slons. 1986 Act is cutting back on its benefit levels, rather than the companies tompany pension schemes. Employers are under control of the slong temployers are under control of the slong temployers are under control of the slong temployers. Employers are under no legal

Employers are under no legal obligation to provide more than the minimum contribution to an employee's personal pension, nor are they obliged to take an employee back into the company pension scheme once he or she has opted out.

Indeed, employers are under no obligation to have a pension scheme anyway. If employees ept out en masse, then employers may well be tempted to run down and eventually

to run down and eventually wind-up the scheme. Nevertheless, many employers

may feel they are under a moral obligation to ensure that all their employees have an adequate income in retirement and that dependants are financially Personal pensions, in concted in the event of death of the emp

of the employee.

Indeed this latter obligation
Indeed this latter obligation
Is more pressing if the employee
dies at a young age leaving a
widow or widower and young
children. Although the precise
requirements to protect widows
and dependants under personal
pensions has yet to be spelt out,
it is likely that the protection
will be far inferior to the very
good benefits under a company of the employee and above all on interest rate levels at the time of retirement when the accumulated fund is used to buy The opponents of personal pensions, which includes the Labour Party, the TUC and trade unions, some employer

Employers who are concerned campioyers who are concerned with the welfare of their employees and their dependants have to face these problems and decide how to provide that protection in this new era. In many cases it will call for a com-

ing company pension schemes and providing inadequate pensions for employees—not only from adverse investment performance but also because the minimum level of contribution is low.

The Government has decided face of the marketing techniques used by the financial that the minimum pension pro-vision should match the State institutions and their sales Earnings Related Pension force marketing personal pen-

sons.

Banks, building societies, life companies and unit trusts will be able to offer personal pensions to employees. They can be relied on to display personal pensions as new, exciting and highly rewarding compared with the drab, though secure, company pension. company pension

If their main marketing thrust is concentrated on the is concentrated on the employers of the 12m employers of the 12m employers not in company pension schemes, then employers with schemes have little to worry about and the Government's aim of pension provision coming mainly from the private sector will be achieved.

Indeed, the 1986 Act has removed many of the financial barriers to companies, especially small companies, setting up a company scheme contracted-

changing work patterns and par-ticularly the trend towards earlier retirement, a change that is taking place even though the Government refuses to acknowledge it by adjusting the State pension retirement age.

Eric Short



Testing lung function at a BUPA medical centre.

Private health care

Big rise in screening

organisations and large sections of the pensions industry, have highlighted the dangers of per-sonal pensions both undermin-

BUPA, the private health including care company with some 14 homes. centres offering screening, estimates that while private medinew are mates that while private medical insurance is growing at the rate of 3 to 5 per cent a year preventive screening is growing at an annual rate of about 10 per cent, albeit from a lower

hase.

AMI, the US-based private hospital group, this week announced 12 new health screening centres throughout England. The group already has one, AMI Idfestyle, formerly known as Physiometrics, at Cheadle, near Manchester. metrics, at Chesdie, near Manchester
And, according to the providers, it is not just the chief executive and board

members who are being pro-vided with health screening which costs £160-plus per employee. "More and more companies are now beginning to understand the correlation between poor health among their workforces generally and company profitability." BUPA

However, ISM, the world's biggest computer company, is probably unique in Britain in its recent provision of health screening at BUPA centres for more than 13,000 employees, eligibility being defined as five or more years' permanent service with IBM and aged over 25.

Dr John Aldridge, chief medical officer at IBM, says:
"The health assessment programme is consistent with IBM's attitude of encouraging the settled bath and health a the good health and fitness of

looking to other benefits to in- Health management and crease the total value of pay in- health screening, according to

REGULAR SCREENING of increases.

people to monitor early signs of disease is the fastest-growing area in the private health provided some health facilities and benefits to their members

BUPA, which is now starting to re-screen the electricians, reckons that this interview has played an important part in the encouraging changes in health it is monitoring among the men.

The substitute of the employer merely provides the administrative umbrolls while the employee pays.

Mr Laing concludes that the phenomenon of opting out of the NHS is primarily consumerated and only a reletively small. BUPA recommends that its led a screening service should be propore repeated every three years for privations once a year for the over-50s. It has been offering the service since 1970 and now is in a positive. tion with several regular client companies to offer company pro-files.

the good health and fitness of its employees."

IBM already provides BUPA medical insurance cover to its employees but Dr Aldridge says it makes more sense to prevent illness than to correct it after the event.

While many such packages are management inspired there's also a substantial interest in such deals among trade unions negotiating pay and conditions. While inflation is relatively low negotiators are increasingly looking to other benefits to increase the total value of pay in-

Traditionally, most of Britain's larger trade unions have provided some health facilities and benefits to their members including private convalescent homes.

Screening, however, is a fairly new area for trade union negotistors. And one major screening by BUPA of 15,000 workers in the electrical contracting industries, mainly members of the Electrical Plumbing and Allied Trades, revealed shop floor workers at risk than executives from heart disease, stress, alcohol and obesity.

We have disproved the fallocy that management is more at risk from ill health than other employees," BUPA says.

During any screening—which includes blood tests, measure, electrocardiogram, the taking of a detailed medical history—there is also a fairly lengthy interview with a doctor, often the first time an individual has sat down and had an extended talk with his or her doctor.

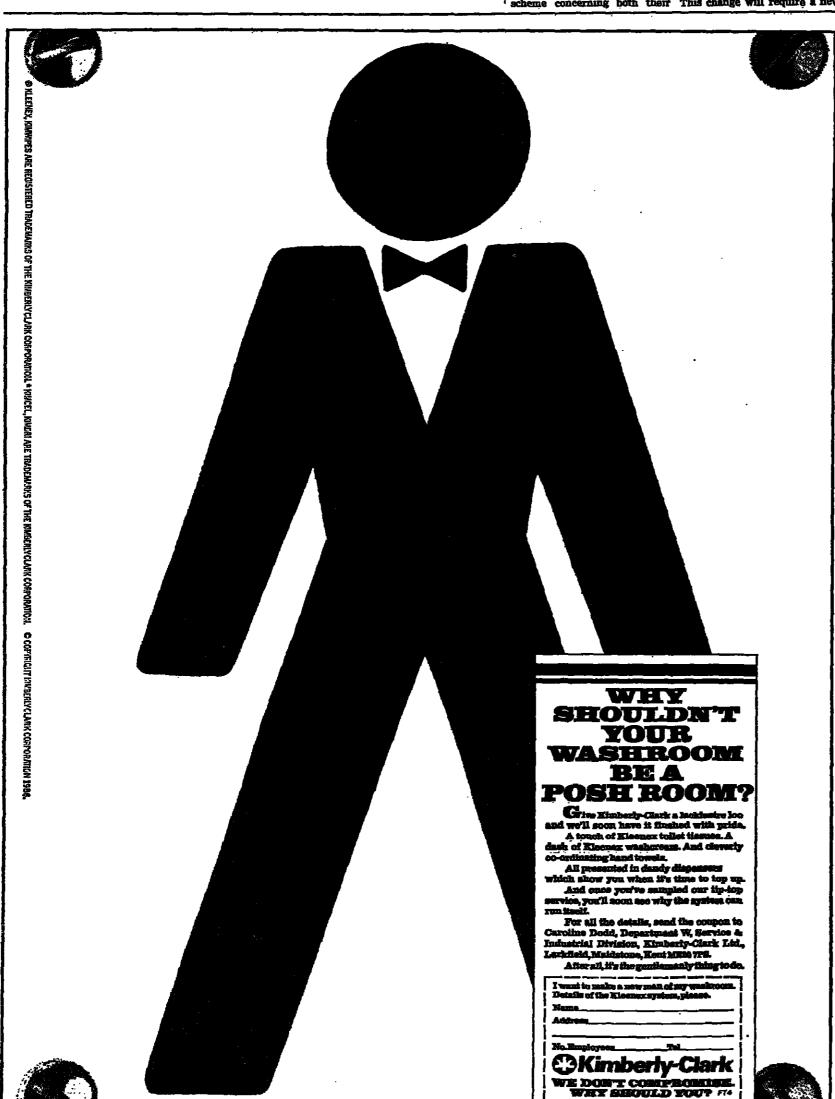
It is here that a person's life-style can be discussed and recommendations made to reduce weight or cut down on smoking.

BUPA, which is now starting to rescreen the electricians, reckons that this interview has played an important part in the main portant part in the providers, in the part the maint care providers, in the part the maint care provide

phenomenon of opting out of the NHS is primarily consumer-ied and only a relatively small proportion of increment proportion of insurance-funded private treatment is given to the archytypal business execu-

Figures provided by BUPA, the single largest provider of private medical insurance, private medical insurance, seem parily to support this thesis. According to RUPA,

Lisa Wood



Clothing

A big shift in type of user

THE LAST decade has seen a hazards is substantial shift in the provision of industrial workwear with a decline in traditional users in the so-called "amoke stack" industries and an increase in provision to service industries. Frost and Sullivan, the intermarket research mational market research organisation, in a recent report on the Industrial and Sanitation Products Markets in Europe, said that employment in engineering and other manufacturing industries could decline by as much as 20 per cent by the end of the decade. The other side of the coin, the report said, was that employment in health services and retail operations—both large workwear users—was set to expand by more than 10 per cent over the same period.

" It is worth noting that much of this growth in employment, and thus in the market for garments, will be in the areas in which women traditionally make up a large proportion of

the workforce.

"This may mean proportionate increases in the female workwear market: more attracworkwear market: more attractive garments, usually in lighter fabrics and in a broader range of colours predominate in this sector of the market.

"This is in contrast to the garments' normal, traditional, industrial users where protection from a wide reason of

Eric (

The report says whether forced by legislation or out of a sense of responsibility for his workers, an employer has several options in supplying his workforce. Different options

Workers buy, clean and repair their own workwear;

• Employers supply, clean and maintain workwear using their own resources;
• Employers supply garments using rental companies, provid-ing a service which includes cleaning and maintenance. Any growth in the market is coming from rental, with many companies not able to provide the facilities to process work-

the facilities to process work-wear economically.

In the UK several major com-panies address this market, including Sketchley, Johnson, Pritchard and Initial Within the sector, an estimated £180m a year, there has been a degree of rationalisation. Sketchley, for example, a major workwear cleaner, bought CCM, a major supplier to garment rental

cleaner, bought CCM, a major supplier to garment rental companies this year. Within the sector there is a change of emphasis from dry cleaning of workwear to wet cleaning, a method which gives



Special clothing being worn for work in a clean room in a Scottish electronics factory.

a cleaner and more efficient wash. The development of poly/ important to the fast food cottons has spearneaded this business because overalls are development since pure cottons, changed often," says Sketchley which pose problems when wet ose problems when wet demand dry cleaning, A major innovation in the market has been Klopman's Challenger garment which is 60 per cent cotton and 40 per

customer was a major priority.

"There are millions of rental garments foating around the country at the moment," Sketchley said, "but if just one individual does not get his or her garment on time there are major problems.

"We have to be able to guarantee that everybody gets an overall back at the right time." such as Sketchley are placing increasing importance on increasing importance on quality servicing of the market and identification of the needs of the growth areas, such as fast

Lisa Wood

Working conditions

VDUs in forefront of talks

Visual Display Units used in the UK today being used in the UK today and it is believed that by the end of the decade about half the workforce will be using

Office automation, and its and work design; and working conditions.

Study of lighting and VDUs. Also it is commissioning two programmes impact on working conditions, has therefore come to the foreemployees and employers.
Strategies adopted by different
unions have varied from receptive to restrictive, depending
on whether unions feel they
have more to gain than lose. Among those with a more

Among those with a more receptive approach, guarantees on health and safety have been at the forefront. For, leaving aside the important issues such as deskilling and loss of jobs, the new technologies bring major changes in the working environment and arouse considerable fears over effects on health.

ment with many reports suggesting that health problems becoming more sophisticated concerning VDUs are caused in with the Trades Union Congress the main by poor working earlier this year introducing

Recent independent research excellent document drawn up planning to become pregnant, projects include a Health and after a large international Constitution about have the right to trans-Safety Executive commissioned study which jucludes:

A study of the reproductive effects of working on VDUs;

The effects of work pauses

front of negotiations between major research programmes employees and employers examining the causes and incid-

examining the causes and incidence of repetitive strain injury among workers including VDU keyboard operators.

The introduction of new technology in some of the most enlightened companies has led, for example, to the development of a new breed of managers, called "facility managers" who co-ordinate all the activities involved in managing the building for the optimum support of productivity.

siderable fears over effects on health.

"Information technology simply does not work properly if a building is not designed in a suitable way," Ms Wilson of Building Use Studies, a research and consultancy business which specialises in looking at users' requirements in buildings, says: "If, for example, an individual is doing data inputting, which involves long periods sitting at a deak in front of a screen, any suitable way," ms Wilson for the VDU and the environment for deta inputing, which involves in a co-ordinated rashion.

For many employers issues in front of a screen, any problem such as backache, stress, sore eyes and lack of fresh air becomes exacerbated."

The management of this change involves an examination of the whole office environment with many reports such

ference on Free Trade Unions fer from VDUs. The concern (ICFFU) conference in Geneva here is over exposure to lowin 1984, and drawing on the TUC's own inquiries into VDUs.

Mr Robert Coyle, a TUC spokesman, says the three main issues were the effects of the equipment on health and safety. the ergonomics of each work place, and how long operators work on a VDU.

Mr Coyle says: "Manufac-turers of VDUs have very much taken into account concerns over health and safety, and concerns of the trade union ement have influenced this. "On the other hand, many good employers have tried to tackle the more general issue of ergonomics, that is the layout of the work station. This in-cludes the provision of suitable lighting, blinds and chairs. This

should aim to limit intensive VDU work to a maximum of 50 per cent of daily working

"But there are problems in this and we would suggest that managers arranged work schedules so that an individual does not just do work on a

On specific health issues the satisfy a medical need guidelines recommend that

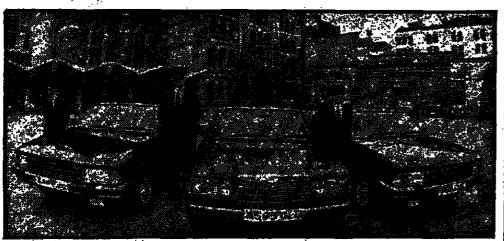
level radiation and its possible

VDU, damage may have been done. However, we feel the can be made until we have re-search that shows conclusively that there are no harmful

As far as the impact of VDUs on eyesight is concerned, Mr Coyle says there is no evidence to show long-term damage. But "problems could arise if an individual already has imperfect or impaired vision. For this reason we are recommending resular eve

There is still much research which some companies have offered to VDU operators. There is a strong debate within the ophthalmic industry itself as to whether such articles

Lisa Wood



The company car: a perk linked with status

Integral part of pay

anxious to increase the commit-ment of their employees to cor-porate goals are well aware that their dependents will be looked a well-structured fringe benefits after in the event of an un-package for staff can comple-expected event. Into this cate-

"fringe benefit" may be misleading.

Since these benefits can add approaching 40 per cent to total payroll costs in some companies, they are clearly not a fringe element in a company's calculations. Similarly, the term "benefit" has connotations of a paternalistic company seeking to patronise employees with a few extras thrown in.

Nothing could be further from the truth in those companies which see fringe benefits and the company car remains for many employees the

few extras thrown in.

Nothing could be further from the truth in those companies which see fringe benefits not as a gift but as an integral part of the remuneration and motivation package for its staff.

In the US, for example, the Bureau of Labour Statistics has already dispensed with the fringe benefit expression, preferring instead the less wieldy—yet more accurate—"selected —yet more accurate—"selected supplementary remuneration

practices."

Whatever they are called, however, why have fringe benefits developed over the years as such an important part of employees' remuneration?

It is often overlooked that a number of supplementary benefits are required by law. Maternity and redundancy provisions fall into this category, as do occupational pensions to a lesser extent.

to remain competitive in the labour market. The forthcoming "Big Bang" in the City has led many financial institutions to come up with many varied and expensive benefits—ranging from a box at the Royal Opera House to cars and holidays for

and expensive benefits—ranging from a box at the Royal Opera with statis."

There are, therefore, a multiplicity of reasons why companies offer fringe benefits to staff. But they can be broadly categorised into three main aseas:

Perfermance-related benefits.

Usually given to staff who "earn" them through their position in the company hierarchy or as a result of specific goals being achieved. Company cars fall into this category as do annual bonuses or incentive travel; anything, in fact, that helps an employee feel that the company cars less about their backins. How far a company car is setually. A motivator to the employees is also open to question. "The glossy view of the company ladder not just by the company ladder not just by the prospect of a more attractive car does not seem to hold true car does not seem to hold true the real world of corporate life." argues Mr Ian Smith, an author on pay and remuneration to any cars fall into this category as do annual bonuses or incentive travel; anything, in fact, that the company care less about their health than it does for those employees who achieve this benefit.

Moreover, any attempt to remployees who achieve this benefit.

Moreover, any attempt to remployees the author of up the company ladder not just by the prospect of a more attractive to a serious loss of staff and morale from those who see such period of corporate life." argues Mr Ian Smith, an author on pay and remuneration to the trylical entering the company care less about their health than it does for those employees who achieve this benefit.

Moreover, any attempt to remployees the author on the sales of the prospect of a more attractive to a serious loss of staff and morale from those who see such period of corporate life." argues Mr Ian Smith, an author on pay and remuneration to the trylical entering the company care less about their health than it does for those employees who achieve the medical insurance. The main the company care less about their health the company care is less about the

In PA's most recent survey tringe benefits, it found that ment other welfare measures. gory fall redundancy agree—their basic pension scheme. Moreover, they also are increas—ments, life insurance, pensions, ingly aware that the term sick pay, and long-service confiringe benefit" may be mistracts.

Morale-beosting benefits: The ments for senior management. PA also points out that, in spite of increased taxation, "it is interesting to note that 12 per personal and/or home purchase loans to senior management." It adds that a further 6 per cent of companies continue to provide assistance towards the payment of school fees and 5 per cent continue to provide second

Hites on the premises.

However, the company car remains for many employees the most obvious benefit of status and additional remuneration since the cost of buying and running a car is often the largest litem of household budgeting after mortgages and holidays.

A recent British Institute of Management survey showed that the use of at least one company car was enjoyed by 98 per cent of chief executives, 99 per cent of other directors, and 96 per cent of the chief executives, 99 per cent of the chief executives, 94 per cent of the subordinate directors, and 54 per cent of the subordinate directors and 96 per cent of the chief executives, 99 per cent of the chief executives, 99 per cent of the subordinate directors and 96 per cent

occupational pensions to a lesser extent.

Other benefits, such as annual holidays or sabbeticals, are provided because companies recognise that employees are not machines and do require time off to recharge their battaries and attitude to work.

Increasingly, benefits are also provided to enable companies to remain competitive in the labour market. The forthcoming "Big Bang" in the City has led many financial institutions to come up with many varied and expensive benefits—ranging and expensive benefits—ranging from a box at the Royal Opers.

PA Personnel Services, which that, account of individual performance in determining bonus entitlements. The average benefits to value.

"They are provided more freely in Britain than almost anywhere else in the world and as a great motivator for many employees, they—and some other types of fringe benefits—the time in the many financial institutions to come up with many varied and expensive benefits—ranging and expensive benefits—ranging way with status."

How far a company car is entitlements. The average benefits anywhere else in the world and as a great motivator for many employees, they—and some other types of fringe benefits—can actually act as de-motivator for many employees, they—and some other types of fringe benefits—the monitors executive remuner-formance in determining bonus entitlements. The average benefits as a great motivator for many employees, they—and some other types of fringe benefits—the monitors executive remuner-formance in determining bonus entitlements. The average benefits as a great motivator for many employees, they—and some other types of fringe benefits—the monitors executive remuner-formance in determining bonus entitlements. The average benefit is a great motivator for many employees, they—and some other types of fringe benefits—the monitors executive remuner-formance in determining bonus entitlements.

The average benefits as a great motivator for many employees, they—and some other types of fringe benefits—the monitors executive remuner-for

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we are the pioneering force behind preventive medicine, with our growing network of health screening centres, fitness assessment and occupational health services. Much of the information generated from screening thousands of men and

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the National Hospital in Queen Square, we are managing a magnetic resonance scanner, the latest advancement in diagnostic imaging. Our plans for the future are no less dynamic than our past achievements. Because at BUPA, we're dedicated to making the future healthier

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Better benefits

Expertise offered from many sources THE SETTING UP, administer-ing and communicating the various employee benefits is a complex affair. Employers need to understand how the benefit

for employees and how it can be arranged in the most tax efficient manner for both the employer and employees.

Above all, employers will want to know what other employers are providing in the ployers are providing in the way of fringe benefits and how they are splitting the remmeration package. And finally, there is a need to explain to employees what is being done on their behalf so that the employer gets value for money on his outley in terms of improved employer/employee relations.

A proper benefit plan will put together the various individual elements in a designed benefit package to meet the employees needs. It is inefficient to simply jumble the various benefits to-

The best tonic

for you and your

employees...

system works, what it provides

The services of consultants are essential if the employer is to be able to fulfill all these requirements. Only the largest corporation organisations could meet these requirements in-house by hiring the necessary expertise. Even then the services of a major consultant would be required to provide information and market trends

in benefits and remuneration.
Pensions require separate treatment from the other benefits. A combination of government ministers, civil servants, tax inspectors and actuaries have made a compiler subject have made a complex subject even more complicated, thereby ensuring that even the largest company or group will require the services of a pensions

A variety of consultants offer their services to employers on some or all aspects of employee

benefits and welfare. Tradi-tionally, these consultancy firms fell into two camps—those which handled pensions longterm sickness and disability and those which advised on all other aspects of remuneration such as company cars, bonus schemes, share option schemes and medical sickness and

hospital insurance schemes.

However, medical and hospital benefit schemes in the past have been sold direct to companies by the sales staff of the provident associations.

Now many consultants have expanded their operations so that they can provide a com-plete and comprehensive service

plete and comprehensive service on all aspects of employee welfare—the modern trand seen in many financial service areas towards one-stop shopping.

Pensions and allied benefits are the most comprehensive of all employee welfare services, as well as being the most valuable in terms of remuneration. This involves the combined services of a variety of experts—actuaries, accountants, investment managers and lawyers, as well as computer software engineers and communication specialists,

The require ing services to companies run-ning their own in-house final salary pension scheme have been met by the consulting actuarial firms, which have been operating for decades, staffed almost exclusively by

A more recent development is the pension consulting firms, many of which are attached to major insurance broking firms, whose expertise will include both actuaries and non-ectuarial

The services they provide are

WE HAVE A GENEROUS BENEFITS PACKAGE HERE CAUDICOIT, BUT ONLY FOR THOSE WHO KNOW HOW TO SIT UP AND BEG



very similar, ranging from disvery sinutar, ranging it to the custon on the benefit struc-ture, the costs, negotiations with the Inland Revenue and handling the necessary legal

On this latter point, pensions law has become so camplex that it needs the services of a legal firm specialising in pensions. The consultants, although they employ in-house lawyers, also liaise with these specialist firms.

The consultant, whether actuarial or non-actuarial, would also provide advice on

actuarial or non-actuarial, would also provide advice on administering the scheme, including the necessary computer input-output systems. He would also help wears the necessary input-output systems, me mountains also help prepare the necessary scheme booklets and proscheme booklets motional literature,

This latter requirement has now become important since, from the beginning of November, employees under the 1985 Social Security Act will have the right to certain information concerning their pension

strides in the area of municating, primarily municating, primarily by employing experts rather than tryin gto do the job themselves. More and more use is being made of visual communications using videos, employing professional actors in the roles. Remuneration for these services is now universally on a fee beds even by those com-

a fee basis, even by those con-sultants with strong insurance broking connections.

There is a variance between consultants on how to treat any commission received from arranging insurance contracts. arranging insurance contracts. Some consultants offset the commission against the fee bill Others, adopting a more puritanical line will not accept any commission — not the problem it seems since they consumally average to have a

in connection with the other benefits, the management con-sultancy field has been domi-nated by two major players—

can usually arrange to have a premium quoted net of com-

Hay-MSL and Inducon, which have been in operation for many years. One of their strengths is the expertise acquired and the vast pool of data, continuously updated, on the practice of employers transmitted. their

These firms tend to be regarded as orientated towards executive renumeration. But they are involved in advising

Company cars are always a favourite benefit and one that needs cars. It is a very tangible needs care. It is a very tangible benefit in that other employees are well aware of what type of car is available to a particular employee. So the consultants have to advise not only on the general principles of company cars as employee remuneration, but which type of car for which level of employment grade.

level of employment grade.
The provision of medical and hospital insurance, now requires the services of consultants if only for the fact that there are so many players in this field with the entry of US

types of cover, from the top London clinics to the provin-cial private hospitals — and a

Over the past few years a third player has appeared on the scene—the major accountancy firms. These firms have departments which offer a complete range of services, includ-ing a complete pension service. They are competing with the consulting actuaries and pen-

Catering services

Under close financial scrutiny

CATERING, NOT supprisingly, has been one of the areas most under financial scrutiny by companies anxious to cut costs

in the 1980s.

Those companies that still ran their catering operations along the lines of policies determined 20 or so years ago—when both labour and fuel costs were cheap—have been forced to radically reassess their approach to providing subsidised canteen facilities.

What has emerged from the What has emerged from the recession, however, is an

which is both more cost-effective and technologically efficient than only a few years ago. Companies have turned to specialist catering contractors to provide food and beverages

available on a round the clock basis through using new developments in preparing and This has had the effect of

enabling more companies to offer in-house catering facili-ties. The 25th annual survey of the catering industry, published earlier this year by the Industrial Society, shows that the level of employee catering for staff is now back to the peak year reached in 1977-78. Some 58 out of every 100 employees now buy meals in-house during their main break.

markedly. Some see it was a fringe benefit while others insist it must be a "business within a

This latter approach sees inhouse catering as a service which the company expects to pay its way as far as possible and is not supposed to detract (in terms of management time or resources) from the main business of the organisation. Such companies are more likely to react to customers' preferences in terms of menus, offer more imaginative foods and services, and are less likely

to be segregated. Those companies, however, which see catering primarily as a benefit tend to be less businesslike, offer fewer alter-natives, and are more likely to be segregated between various grades of staff.

The Industrial Society found that most companies expect to pay for costs such as labour, space and energy but to cover their direct costs of food through prices charged. The majority of companies can usually achieve this target and, in fact, many more make a

profit.
The society's survey of catering found that prices charged in company canteens had risen by about a third over the past three years, but this still leaves the employee's average spend on in-house food and drinks at between 50p and 60p a day. Workers in London and in

Workers in London and in diets on the menu, small companies tend, not surprisingly, to pay more for their co's various needs has been to parts of the country or in large companies.

Nine out of every ten companies now charge itemised

prices for foods in their main dining rooms—rather than a fixed price for the whole meal —although the same system only operates in 45 per cent of senior staff dining rooms.
The society's survey found that while senior employees pay slightly more than other

meal such as steak and kidney pie with vegetables, sweet and tea, came to 94p last year compared with 72.5p in the previous survey, A salad with meat cost 57p on average, compared with 41p in the survey before,

The trend towards catering facilities for all staff is increasing. At the beginning of the decade, about 40 per cent of singlecent of companies operate in this way.

One of the key respons the 1980s to the rise in catering costs has been for companies to use specialist contractors.
Some 30 per cent of companies
in the Industrial Society survey used outside contractors, mpared with 24 per cent in

the previous survey.

Leading specialist catering operators include Gardner Merchant, a subsidiary of Trusthouse Forte, Compass Services (part of the Grand Metropolitan group), and P &O's Sutcliffe Catering operation.

A typical specialist contract catering operation is that pro-vided by Sutcliffe for Conoco at its Humber refinery for some The approaches adopted by as well as another 2,000 staff catering facilities vary the markedly as well as another 2,000 staff catering facilities vary the markedly contractors.

Two thirds of the Conoco Two thirds of the Conoco workforce work shifts and because they work outdoors they also expect hot food to be available at all times. Many workers are also unable to leave their plant or laboratory areas.

"Our needs, although perhaps typical of the industry, can be extremely diverse and at times seemingly unreasonable," points out Mr Richard Kearton from Conoco. "It has even been known for Sutcliffe's local staff

known for Sutcliffe's local staff to be called out at 4 o'clock in the morning to eater for an unannounced group of soldiers on training facilities!"

Subdiffe's response to Conoco's various needs has been to offer different types of catering for each kind of demand. Staff mable to leave certain areas, or working shifts, can eat in dining rooms scattered around the site.

Meals are prepared using the

cook-chill systems, which en-ables food to be prepared during the day and quickly chilled (not frozen). It can then be selected frozen a vending machine and heated in a micro-

wave oven. Sutcliffe also provides two separate restaurants for Conoco's own staff and for regularly employed contractors.
A strong emphasis is placed by
Sutcliffe on "healthy" foods, such as by providing high-fibre

offer different types of catering for each kind of demand. Staff or working shifts, can eat in dining rooms scattered around

the site.

Meals are prepared using the cook-chill system, which enables food to be prepared during the day and quickly chilled (not frozen). It can then be selected from a vending machine and heated in a microwave oven. Sutcliffe also provides two separate restaurants for Cono-

or coffee costs only about co's own staff and for regularly-employed contractors. A strong the average price of a full al such as steak and kidney with vegetables, sweet and with vegetables, sweet and vending machines. This system means that staff can be sub-sidised for a certain amount of free food and drink, with subsequent beverages purchased by the employee from the vending machine.

the menu.
Sutcliffe's response in providing more healthy food in its
menus is part of the nationwide. menus is part of the handwide trend towards consumers taking a greater interest in their diet and health. More than half the population new thinks carefully about its diet and is consciously eating healthler foods, according to a recent study of Reitleb auting healthle from British eating habits from advertising agency D'Arcy Masius Benton and Bowles.

Healthy eating, according to a booklet produced by Sutcliffe, does not necessarily mean good-bye to chips with everything. The important factor is provid-ing people with the right choice of nutritional foods, it says, to add balance to a meal. It clearly makes sense for

companies concerned with their employees' welfare to provide them with the right type of food for their long-term health. Some companies new also offer special flexible plustic cards which provide employees with a prescribed number of

a day to avoid tax problems, the average amount given to average amount given to employees in Europe is about 22 a day.

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catering services—either pro-vided by vending machine or canteen staff—traditionally has been luncheen vonchers. The problem with these is that they attract tax on anything over 15p

benefit than in Europe.

While many companies only give staff vouchers worth 15p

None the less, plans are under way to try to convince more Way to try to convince more British companies to use luncheon vouchers. Accor, the French kotel company which recently acquired Luncheon recently acquired Luncheon Vouchers in the UK, is planning a major £2m marketing cam-paign to boost the attraction of this benefit.

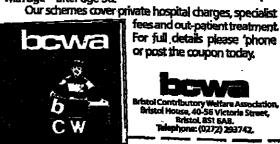
David Churchill



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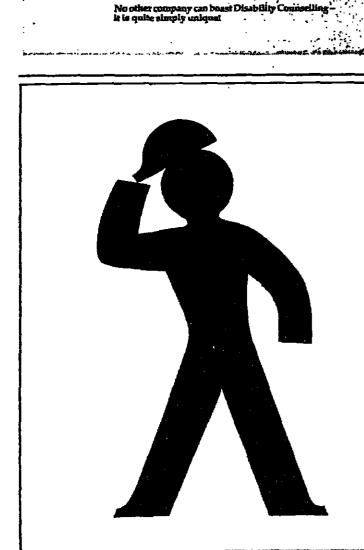


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Sweden

Employers meet most of the bills

The broad sweep of the welsocial welfare policy. The situation was summed up by a member of the Swedish Employers'
Confederation (SAF) when she
said: "We have everything we
need, so there really have been
very few changes in the last
year or so."

The broad sweep of the welstimated 3 to 4m people—are
that there is more scope for
honing away what already has
been achieved rather than fightbeen thit by a real interest rate
tax, as would the employers
since they are normally entitled
to really have been
the private pensions—which cover an
estimated 3 to 4m people—are
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tax, as would the employers
since they are normally entitled
to reall the bigher tax bands, to perhaps over 75 per cent tax
for a top executive.
The Government recently
proposed simplifying the system
by taxing the employers
since they are normally entitled
to reall the bigher tax bands, to perhaps over 75 per cent tax
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The unions, of course, still believe that there is ample room for improvement, and that more can be done for employees both in the workplace and when it comes to pay rises and holidays.

In Sweden, the brunt of the welfare bill is borne by the employer, with the employer's contributions fixed according to contributions fixed according to law and collective agreements. This year, the contributions (as a percentage of gross pay) amount to 42.3 per cent for workers, and 46.2 per cent for salaried employees.

These contributions from the These contributions from the employer include basic and supplementary pension contributions, health insurance, occupational injuries insurance, occupational safety, adult education, wage guarantee, child care, severance pay insurance, sick pay and disability, and occupational group life insurance.

"Don't underestimate the im-

"Don't underestimate the importance of collective agreements in Sweden," says one system.
senior manager. "The disad- In Sweden, everyone is envantage is that they allow very titled to a basic pension and to little private freedom because a supplementary pension

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for pensions and another for company cars which could affect white collar employees, though neither tax is in force yet and both face strong oppo-

Opposition to Finance Minister Mr Kjell-Feldt's suggestion of a real interest rate tax —along the lines of the one in Denmark — was almost

The Government has since shelved its original plan, but wants to impose a one-off, 7 per cent wealth tax on insurance companies' total assets instead, as a means of raising about SKr 15bn. The fear is that this will not be a one-off creaming. The Government backed down from the original plan of a real interest rate tax, saying that for the temporary situation of surplus profits, such a com-plicated tax was unsuitable, and that there was no point in intro-ducing a new and complicated

expectations, which means more money to be ploughed back into

But the new 7 per cent tax will also hit the insurance companies and reduce returns. TCO, the central organisation

(ie white-collar workers)
would like to introduce the idea
of people in high-pressure jobs
—such as policemen and
brokers—being able to retire brokers—being able to retire
before the standard age of 65 on
a full pension. "If there is
high stress on body and soul,
they should be able to retire
early without losing their i
benefit," says Mr Olof Sundstroem, TCO's international
officer.

The other area where the government can claw back money is with fringe benefits, though most Swedes would own that they have precious few of

Company cars are currently taxed by adding a fixed sum

Welfare contributions naid to the state (% of salary)

Workers and salaried employees By law, employers must pay: ATP (national supple-

0.50

mentary pension)
Health insurance
National basic pension
Partial pension insurance
Occupational injuries ntary pension) Occupational safely

Labour market contribudult education General payroll tax 2.00
Total: 36.45 per cent of gross
wages (for both workers and
salarled employees).

In addition, for workers within pay: AGB (serverance pay/ redundancy benefit)

taxed by adding a fixed sum rest of the fee is paid by ance fees for senior manage—ional scheme and the high cost to the salary depending on the national insurance.

This generally requires a lab—where the doctors are employed to start next year and between SKr 1,500 and 2,000)

AGS (group health insur-ance, sick pay and disability insurance) STP (supplementary

TFA (labour market no fault liability insurance) TGL (occupational group life insurance)

Lay-off pay facility Total: 5.86 per cent Total for workers by law and collective agreement: 5.86 + 36.45 = 42.31 per cent

In addition, for salaried employees within collective agreements employers pay: ITP (supplementary

TGL (occupational group life insurance) Employment security fund 0.90 TFA (labour market no-

fault liability insurance) 0.05 Total contributions by law and collective agreement for salaried

luncheon vouchers which employees can use in local resting aurants—the employer and employees then split the bill 50-50. The employee is entitled to a carry blown lunch.

Is so far as health care goes, the attitude is very much that the notional insurance one in Sweden needs a private insurance health scheme scheme, the patient pays SKr of with the national insurance one in sweden needs a private insurance health scheme for all employees, not it, "offers some continuity because national insurance on the cost.

With the national insurance coveres cheme, the patient pays SKr of a visit to a GP, and the rest of the fee is paid by national insurance.

Even with private schemes, in the state, the fee paid by for an employee and other members of the same family, came than the state, the fee paid by for an employee and other members of the same family, came the excess again paid by national insurance and many patients are willing to pay this because it cuts down waiting were interested in using the times, and as one patient put scheme for all employees, not it, "offers some continuity because they cause you are more likely to have the same doctor treating on the grounds of discrimination, and that there was also a market for individually-funded in the employer paying the insure of the fee is paid by ance fees for senior management or key staff. However, a new private scheme and the high cost new private scheme is not only SKr 65 (with the same family, came the attention of the same family to an employee and other members of the same family, came the excess again paid by national by an extent is only SKr 65 (with the same family, came than the state, the fee paid by for an employee and other members of the same family, came than the state, the fee paid by national by an extent of which excess again paid by national by an extent only SKr 65 (with paying in its preliminary research. It found that large companies on the grounds of discrimination, and that there was also a market for individually-funded in the paying in th

of joining the scheme.
Also on the health front is concern about the use of electronic devices in offices. Swedish scientists are undecided about the long-term effects of sitting in front of an electronic terminal or computer screen, for example in a bank necessary.

This yes

earlier this year, some speakers presented results from work with laboratory animals which suggested that display units could have harmful side-effects though these cannot necessarily wished. be extrapolated to humans.

tions covering the number of hours someone can work in front of the screen.

TCO members have reported three main problem areas: eyes, muscles, and skin. Many people have complained of their eyes becoming tired, red and irritated, and in the worst cases, of deteriorating eyesight. The design of the screen can result in muscle-ache, and TCO says more members are now complaining of skin allergies.

The union estimates that there are about 700,000 screens in use in Swedish offices and factories. It has already devised a checklist for members to use on their own screens as a guide to whether the equipment is of a good design—with questions covering glare, letter size and spacing, flicker, design, reflec-tion and so on, and has issued 65,000 of these to increase awareness of the problems

awareness of the problems.

The checklists have aroused interest among overseas unions, as well as encouraging manufac-

lower electromagnetic fields. Pregnant women are advised to ask for a transfer within the company, and employees who suffer from eye trouble through the use of such screens can insist that the employer pays for an eye test and special glasses if

r airline office.

This year saw changes in At a scientific conference Sweden's legislation concerning parents' leave from their work after the birth of a child. Both parents had been entitled to a total of 270 days to be split between the parents as they

be extrapolated to humans.

"We are fighting for legislation because this is enough of an indication," said Olof Sundstroem. The TCO wants regulations covering the number of benefit—and a lower income for benefit—and a lower income for the next 90 days.

Some employees would like to be able to stay at home if the child is sick, and receive 90 per cent—the same as if the parent was ill—from the insurance. Asked what else there is to fight for in a country where so taken for granted, one trade union official said: "Of course we fight for higher wages and more holidays and the right to take it in July when the weather

is good.
"We want to take pensions earlier, and we want further education which would allow people to change job more freely later on in life, for example by learning about banking or marketing and things which they did not learn at school."

Asked where the funds could

come from, he thought perhaps the Government could tax exist

Sara Webb

Vending machines

Rise in demand

AUTOMATIC vending has increasingly become one of the key ways in which companies can respond to the needs of their employees. Vending offers the opportunity of round-the-cite high cost otherwise involved in providing it.

employers to offer special subsidies to particular groups of
workers through the use of hightech systems which govern the
access to vending machines.
Employers, for example, can
give workers the right to free
meals, drinks, or other vended
services by issuing special
plastic credit cards which automatically debit the amount

Vending is not a new concept in offering customer service— holy water in Egyptian temples was dispensed in return for a coin. The concept has also been Britain, through such mechanisms as automatic ticket or

But it is in the workplace that rending still has much to offer. There are an estimated 150,000 drink vending machines in the UK, with a further 75,000 foodonly machines. Yet there are still some \$20,000 factory and office locations which are estimated to have no workplace

machines at work has grown sharply in the 1980s as recession has forced more companies ok at their catering costs.

had forced more companies out of business—and therefore the potential market for vending those that were left recognised the cost advantages of vending over traditional Industrial _ that vending is more popular limitless. with employees, About 1.5m cups of beverages of all types

At the same time, the indus-try has over the past few years increasingly put its own house in order, cowboy operators have

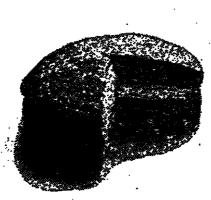
ing demand for food vending systems to replace or comple-ment the traditional canteen. enjoyed the best of reputation in the past, mainly because of

ven has radically altered the potential for the provision of a range of retail services for

Vending machines in some factories and offices now offer flowers and magazines while tion managers have sited news-paper vending machines on site for evening papers. As the tech-nology available increases, therefore, the potential for

David Churchill

GIVE YOUR STAFF TWO THIRDS OF A RISE.



ployees see as an increase in the tax burden.

Other fringe benefits are so far unmolested. It is quite com-mon for the larger companies

-for example, the banks-to provide summer houses for em-

ployees at a peppercorn rent.

Now some of the companies
feel compelled to charge symbolic rents so that employees

With almost every perk being taxed to the hilt, it can often seem the Treasury is determined to bite the hand that feeds it.

Thank heavens, then, that it hasn't sunk all its teeth into Luncheon Vouchers.

For there are some very tasty tax benefits to be gained from using them.

Benefits that could make an employee's rise worth more than straight cash.

True enough, the Chancellor still only allows 15p a day tax free, for lunch and that won't feed a mouse. But where real savings can be made is that Luncheon Vouchers, like staff canteens, are exempt from National Insurance Contributions.

A quick look at the figures should whet your

When an employer spends £1 a day on a cash allowance for lunch, the employee will, after deductions, receive 56 pence.

The same employee getting a £1 Luncheon Voucher is left with 75p. 35% more and at no extra cost to the company.

MAN CANNOT LIVE BY BREAD ALONE.

With a financial argument as sound as this, you might well consider giving a staff rise with a

decent sum of Luncheon Vouchers.

Were you to give say a £500 rise, every penny would be taxed at whatever PAYE rate was applicable.

If instead you gave a £1.50 Luncheon Voucher for each working day, it would cost you £390 a year. Yet in buying power it would be like you spending £520 on a rise.

Except it would be the Government who were dishing out the other £130, not you.

With 14,000 companies currently using Luncheon Vouchers, there's a fair chance yours is one of them.

It's equally likely that the denominations you give out have remained the same for twenty years.

Given the arguments you've read, perhaps now is the time to consider increasing their value. They're available in increments from 15p up to £2.

If you'd like to review your current arrangements or simply want more information, get your secretary to telephone 01-935 4424 and ask for Chris Jones.

Alternatively, send your business card with a request for details to

the same person at Luncheon Vouchers Limited, 50 Vauxhall Bridge Rd, London SW1V 2RS.



THE GOVERNMENT WILL FORK OUT THE REST.

Weak metal and P&O pulls oil prices cut **RTZ** profits

fall in attributable profits from \$45m to £19m, primarily because of the decline in oil prices. Profits from Rossing

Uranium were down to £2.8m (£7.3m) because of lower first

half deliveries, some of which

will be made up in the second

The group's acquisition of ABM Chemicals in the UK follows a £91m purchase in

April of two chemical com-panies in the US from Celanese. RTZ said its chemicals

RTZ said its chemicals businesses, which would see turnover rise from £230m last year to some £450m in 1987,

would be formed into

would be formed into a separate division.

Dr David Swallow, managing director of RTZ Chemicals, said ABM Chemicals fitted well into

the group's range of interests.

ABM made profits of £2.4m
pre-tax (before management
charges) on sales of over £35m.

Mr Terry Pryce, chief execu-

RIO TINTO-ZINC Corporation, the mining, energy and industrial group, yesterday aunounced a sharp fall in attributable profits for the first half of 1986 to £83m, compared with £118m for the same period last year, caused mainly by fall-ing oil prices, weak metal prices nd changing exchange raes.

The company also revealed the £30m acquisition of ABM Chemicals, a subsidiary of Divgety. The purchase is RTZ's latest step in it strategy of expanding its speciality chemicals and minerals businesses by acquisition at a total cost so far of \$320m (£218m).

Sir Alistzir Frame, chairman appointing for a combination of reasons outside the manage-ment's control. But the com-pany could look forward to an improvement in the second half.

Group turnover in the first six months of 1986 fell to £2.5bn (£2.9bn) and operating profit was down to £317m (£400.8m). After interest, pre-tax profit was £269.9m (£362.1m). Earnings per share were down to 26.68p (38.23p) and the interim dividend was left unchanged at 7p net—last year's final payment

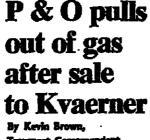
The metals sector's contribu-tion to net attributable profit was £29m (£48m). The direc-tors said that metals profits were hit by poor prices, especi-ally at the Hamersely iron ore mine in Australia, by industrial mine in Australia, by industrial action at Broken Hill lead and zine mine (where RTZ's asso-ciate CRA has a stake) and losses at Rio Tinto Minera in Spain where loss-making cop-per production has been halted.

In the second half CRA is expected to gain significantly from the resumption of work at Broken Hill with new costcutting working practices.

The contribution from the

industrial sector rose to £78m (£67m) and would have been higher but for the fall in the US dollar which hit the sterling value of increased American

The energy sector, principally charge for losses incurred in the group's North Sea oil and tin trading and in export ents, showed a sharp services.



The P & O group yesterday announced the disposal of its remaining liquid petroleum gas (LPG) interests to Kvaerner Industrier, of Oslo. tes nine LPG carriers, of the US. Each company will receive around \$40m for the

Overseas Shipholding paid \$35m for its 50 per cent helding in April last year. Analysts said this indicated that Kwaerner had paid above heak walve for the comment. valuation of working capital in the business. Kwaerner has undertaken to maintain the existing London headruarters of P & O Gas Carriers.

The sale continues P & O's move out of the volatile market for gas carriers, which has weakened this year as a consequence of the fell in all

Analysts said perfer of the business had been unpredictable, and it did not sit comfertably with the rest of P & O's interests.

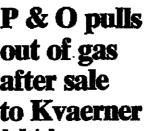
of P & O's interests.

Returns are thought to have been unsatisfactory, but gas carrying had ecased to be a significant part of the group's activities, and the sale is expected to have no more than a small positive effect on this year's results.

P & O announced interim profits of £69.8m before tax earlier this month, up £11.2m on the equivalent period last year, and is expected to reach

Sir Jeffrey Sterting, chairman of P & O, said: "This takes us totally out of gas. This is a very volatile area for us. We will concentrate on what we are good st—moving people and freight."

The purchase of P & O Gas Carries gives Everyner con-Carriers gives Kvaerner con-trol of 39 gas carriers, the world's biggest fleet. Kvaerner is a specialist in the gas mar-ket, and also owns the Moss Rosenberg shipyard in Nor-



Kvaerner has agreed to pay around \$89m (£55m) for P & O Gas Carriers, which plus chartered in tennage.

P & O Gas Carriers is sweed jointly by P & O and Overseas Shipheiding Group will

book value for the company. The sale is subject to agreement on contracts, including valuation of working capital

year, and is expected to reach between £172m and £175m for the full year.

tive of Dalgety, which has major interests in food and agriculture, said the sale was consistent with the group's policy of concentrating on its core businesses. Earlier this week, Dalgety announced slightly increased pre-tax profits of £75m for the year to the end of June. But Dalgety had to take a £28m extraordinary Andrew Gowers on a fruit and vegetable suppliers plans for a stock market flotation

Geest polishes core businesses to tempt City

Geest Holdings may not be a more than 4,000.
terribly familiar name at present to many people in the City apart from devotees of bananas. recent sixis: Several years ago, All that is about to change, a second generation of van Over the next few weeks, the Geests, groomed to succeed their privately-owned company will be father, took over the business, adopting a much higher profile and the company changed directal stock market flotation.

The decades of expansion had

Although best-known for its lucrative franchise to distribute bananas from the Windward Islands, Geest is the largest sup-plier and distributor of fresh fruit and vegetables in Britain. It sells a growing range of exotic and staple produce to the retail multiples and wholesale markets, and is building up a presence in prepared salads and horicultural products.

With a turnover of £372m last year, it claims to be the country's ninth largest private company—owned throughout its 50-year history by members of the Dutch-born van Geëst family.

The decades of expansion had

fresh produce and allied areas-Peripheral and loss-making sectors which got the company into a lot of trouble about six years ago have been sold off.

Geest hopes to make its debut on the Stock Exchange later this year, although executives are keeping their options open as to precisely when. To this end, it has been slowly and quietly emerging from its shell and reshaping itself over the past few years. The flotation is single of other comments of the past few years. The flotation is single of other comments of the past few years. The flotation is single of other comments of the past few years. The flotation is single of other comments of the past few years. The flotation is single of other comments of the past few years. The flotation is single of other comments of the past few years. The flotation is single of the past few years. The flotation is single of the past few years. The flotation is single of the past few years. The flotation is single of the past few years.

bility in its expansion. In bananas, for example, a select was founded in Britain faced with a static, if still quite profitable, market. But it is a select was a two-men-on-a profitable, market. But it is in 1938 as a two-men-on-a profitable, market. But it is bicycle operation selling fruit, working to improve its refrivegetables and flowers grown in the Netherlands. It now employs and to cut costs; it is selling the

two ships which account for a large proportion of its fixed assets and taking two larger vessels on a long-term charter

the overall market is growing very slowly, perhaps by 1 per cent a year. Geest estimates the total UK market for fresh fruit The decades of expansion had led the group — none too successfully — into unfamiliar territory like light engineering and computers.

Mr Leonard van Geest, the group's chief executive, decreed that it should henceforth focus on the basics of its business: fresh produce and allied areas.

Perinheral and legaranting total UK market for fresh fruit and vegetables to be worth more than £3bn, of which it has best to be worth more than £3bn, of which it has best to be worth more than £3bn, of which it has best to be worth more than £3bn, of which it has best to be worth more than £3bn, of which it has best to be worth more than £3bn, of which it has best to be worth more than £3bn, of which it has best to per cent, making it the biggest of the three largish companies which dominate the market (the other two are Glass Glover and Hunter Saphir). But within that total, the mix of products is changing — away from staples like carrots to worth more than £3bn, of which it has best to be worth more than £3bn, of which it has £3bn, more exotic items like Guate malan mange-tout.

Gest is keen to boost its presence in these high-margin areas and to strengthen its links with the powerful supermarket chains. The latter account for about 35 per cent of the total market and are constitution to market and are constitution to market and are constitution to market and are constitution. tinuing to gain ground at the expense of independent green-grocers and market traders.

tion operations up for the multiples. It has built a large new depot at Maidstone, for example, at a cost of £7m, to complement two other "super-depots" in Scotland and at the company's headquarters in Spalding, Lincolnshire. It has wore than 18m tied up in a feet and is growing fast on the back cent.

of refrigerated vehicles. It has a high-margin business, it has also—rather belatedly, accord—this is a high-margin business, and the company wants more of to its flotation.



Mr Leenard van Geest, chair-

rdering systems. Its other two divisions, deal-Its other two divisions, dealing with prepared salads and recipe dishes and with horticultural products, are minnows by comparison. Here, too, Geest has been trying to build on its links with the multiples, with privad success. with mixed success. In Geest has about 20 per cent of the prepared dishes market, the value of which is estimated to be more than £70m,

it. Mr Bystram says he and his colleagues are looking for acquisitions in the chilled and prepared dishes area. In horticulture, the comp has not been so fortunate. It is the largest single supplier of horticultural products in the UK, with about 7 per cent of a market worth in excess of £320m at retail evel. But its focus has so far been in highvolume, low-margin commodity products like bulbs and garden plants. Mr Bystram says the division "is not as profitable as it should be," and is ripe for

For the moment, though, the way the market views Geest is bound to be determined by the bound to be determined by the performance of the distribution side. The fresh produce business is highly sensitive to weather and currency movements. The banana business is particularly vulnerable, although as one of Geest's rivals pointed out yesterday, "when it's going well, it's a license to print money."

Margins are not brilliant, however, in the rest of the fresh produce sector. The company's pre-tax profits on ordinary activities last year were £5.9m, 45 per cent up on 1984, but, as with other companies in the sector, a small fraction of turnover. Return on assets. of turnover. Return on assets, which is perhaps a more reliable guide, is about 10.7 per

Wm Morrison advances by 28.5% to £9.6m

Wm Merrison Supermarkets, this will increase to over £20m in the second six months. The pre-tax profits up 28.5 per cent to £9.6m for the six months to ments are capitalised in the

The interim dividend raised from 0.35p to 0.4p.

Morrison operates 35 super-markets in the north of England. The most recent to open was in Dukinfield in June and there are plans for a further nine stores, three of which will be replacements, over the next two years. Capital expenditure was £12m in the first half, and

New stores accounted for 8.9 per cent of the increase in turn-over and inflation for 3.5 per cent. The remaining 4.2 per cent was contributed by existing

Operating profit was £10m (£7.8m), after taking into account a reduced depreciation charge because of the decision to depreciate freshold and leasehold properties at 1 per cent, rather than 2 per cent, per annum. After allowing for the interest receivable of net interest receivable of £91,000 (£128,000), employee profit shares: of £487,000 (£379,000) and taxation of £3.54m (£3.47m), earnings per share were up 50 per cent to £550.

It seems that the combination of a High Street layout and a con-centration on fgresh foods is attracting contents. attracting customers to Morrison all the way from Granthan to attracting customers to Morrison all the way from Granthan to Darlington. There are two accounting points worthy of note in these figures. The costs of financing store developments prior to opening have once again been capitalised—a growing trend among retailers—and this leaves Morrison as a net interest receiver. More significant this half is the shift in depreciation policy which effectively adds £870,000 to profits. Nevertheless, even after stripping out the depreciation effect, trading margins were up from 4.6 per cent to 5 per cent, indicating that the company is keeping a watchful eye on costs. For the full year, pre-tax profits of £20m would put the shares, at 228p on a prospective p/e of 16.5, below that of the majors.

YULE CATTO has acquired a 7.3 per cent stake in Reabrook Holdings, the cleaning chemicals manufacturer.

Blue Arrow acquires US jobs agency

Blue Arrow, the fast-growing employment agency and con-tract cleaning group, is to make its first major inroad into the US market with the acquisition Positions.

Initial consideration for the surchase will be \$4.25m (£2.89m), with up to \$3.75m more payable depending on Positions' pre-tax profits for the year to next June.

In the year to last June, Positions made pre-tax profits of \$514,000 on turnover of \$6.85m. The full extra sum will be payable if it makes \$1.875m or more this year. Blue Arrow, which bought the Brook Street Bureau em-ployment agency last October, made pre-tax profits of £2.28m (£90,000) in the six months to

1973 and has a head office in mainly in New England. It is involved in the permanent placing of professional and secretarial staff and is the largest management company in New Englan

Storehouse

Sterehouse, the retailing group headed by Sir Terence Conran, has exercised an option to buy a further 45 per cant of Richard Sheps Holdings, held by Morgan Grenfell, for by Morgan Gremen, 2227,000. Storehouse's Habitat-Mothercare subsidiary acquired an initial 48 per cent in 1963 when the holding company was formed to acquire Richards

Richards lost \$4.6m before tax in the year to March but Storehouse said yesterday that it was now trading profitably, with sales from refurbished stores typically double that previously achieved.

Boddingtons' margins suffer in first half

BY TERRY POVEY

has announced profits up by
fim to £5.7m on sacs 70 per cent
ahead at £43.7m for the six
months to July 5.

Mr Ewart Boddington, chairman, said yesterday that the
discrepancy between the turnover growth and that of profits
was due to the inclusion for the
half of Higsons, the Liverpool
brewery acquired for £26m in
June 1985.

over Boddington has been rationalising Higgors and made a "substantial number of its employees redundant," said Mr

Beddingtess' Breweries, the \$43,000), debenture interest of Manchester-based brewery \$2,000 (£12,000) and loan stock which operates over 500 pubs, increst of £975,000 (£345,000). has announced profits up by

comment Boddington is spending £1m

to promote lagar sales in its beer-conscious region. The pale brew accounts for only 20 per cent of Boddington's turn-over but 30 per cent of the regions intake. It was Higsons' lager plant that probably drew the Mancuplan company into the June 1985.
Earnings per share fully diluted for the loan stock conversions were 3.85p and the dividend paid was 1.47p (1.35p).
While Higsons brought 160 puls into the Boddington estate its pubs probably washed the and had sales of around £15m loan stocks' face, that is proin the half year to March 1985; profits were low. Since the black profits were low. Since the been rationalising Higsons and made affective probably washed the loan stocks' face, that is profit were low. Since the been cast for its last full year. While this indicates that Boddingtons is moving quickly to reap the is moving quickly to reap the rewards of the takeover, a poor July and August has led larged Boddington were £6.84m. end forecasts. On the revised (£4.96m). The pre-tax profits £13m the shares at 135p are were struck after interest payments of £26,000 (a credit of tiple of 15,

DIVIDENDS ANNOUNCED

Westpool Inv. Tst. ... 1256 Wolstenholme Rink int. 2.75 Dividends shown in pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. Lunquoted stock. I Irish pence throughout.

This amountement appears as a matter of record only

MEPC plc

announces that through its wholly owned subsidiary Metropolitan Estate and Property International N.V.

Sterling Commercial Paper

is to be issued under the

£200,000,000

Multiple Option Facility signed 28th January 1986



NMRothschild & Sons Limited

September 1986.

the resumption of work at Broken Hill now that improvements to working practices have been agreed. Both developments should materially improve CRA's future competitive position. The Industrial sector performed well, its contribution to net attributable profit rising to £78 million (1985: £67 million) despite the slower than anticipated boost from lower energy prices and the effects of currency translation. RTZ's recent investment activity has focused on this sector with a number of acquisitions, predominantly in the speciality chemicals and minerals area, at a cost of US\$320 million. The industrial businesses should continue to progress in the second half. The Energy sector's contribution to net attributable profit fell from £45 million to £19 million largely due to the drop of over 50 per cent in oil prices in sterling terms. Uranium deliveries were lower but are expected to catch up in the second half.

Half year results

at the company's annual general meeting on 21 May. There was the sharp drop in the price of oil, continued weakness in most metal prices, and a marked fall in the value of several relevant overseas currencies which reduced pre-tax profit on translation into sterling by £50 million and net attributable

million). Although metal prices were generally weak, most Group mines remained profitable.

The decrease in aggregate contribution from this sector was mainly due to industrial action at Broken Hill, lower revenues from Hamersley, and increased losses at Rio Tinto Minera. The loss-making

copper mining operations at Rio Tinto have been suspended. In the second half of the year, significant benefits are expected to flow to CRA following the depreciation of the Australian dollar and

Strong trading performances in the Group's expanding range of industrial activities were more than offset by an exceptionally adverse combination of factors as foreshadowed by Sir Alistair Frame

The Metals sector's contribution to net attributable profit was £29 million (1985: £48

In the world of fluctuating currencies and commodity prices in which RTZ operates, predictions of future performance are necessarily uncertain. But in the short term, firm control of costs across our broadly based business and further growth in the industrial sector will assist our immediate prospects. In the longer term the continuation of the investment strategy we have been pursuing will ensure our growth. Prospects will be further enhanced as metal and oil prices improve.

SUMMARY	First Half	First Half	Year
(£ millions)	1986	1985	1985
Turnover Profit before tax	2,507.9	2,892.0	5,310.8
	269.9	362.1	716.7
Net profit attributable to RTZ shareholders	82.8	118.3	236.0
Earnings per ordinary share	26.68p	38.23p	76.14p
Dividends per 25p ordinary share	7.00p	7.00p	22.00p

and have been filed with the Registrar of Companies. First half 1985 results have been restated for the change to UK practice of changing goodwill against reserves, adopted in the 1985 annual accounts.

The Rio Tinto-Zinc Corporation PLC, 6 St. James's Square, London SW1Y 4LD The full interim statement is being posted to shareholders.

UK COMPANY NEWS

BET has 42% of HAT and extends bid

By Terry Povey

BET yesterday said that as a result of purchases and acceptances it controlled 42.4 per cent of HAT Group at the first close of its £112m bid. The offer has been extended to a final close at 10.30 am next Thursday.

Mr David Telling of HAT peaced angrily to this an assumement and attacked as "ridiculous" a movel shares for shares swap deal by BET in the market earlier this

Both companies, accompanied by advisors, have been to see the Stock Exchange and the Takeover Panel about the Swap deal under which BET invited HAT shareholders to exchange their holdings for BET stock.

While no statement has been issued by either body it appears that BET cleared the move beforehand. This enabled it to take its purchases of HAT shares up to the 29.9 per cent limit set on cash buying.

In its report on the first close, BET said that it had received acceptance from helders of 9.54m shares or 12.5 per cent of HAT's stock. "I am convinced that we still have the support of more than half our chareholders and that BET has tried its best shot and failed," said Mr Telling.

In a statement Mr Nicholas In a statement Mr Nicholas Wills, BET's chief executive, said: "We are very encouraged by the amount we new control of HAT. Not only was there a rush into the share exchange offer we amounted earlier this week, but a high number of acceptances has been received for this stage of a bid."

BET has foreshortened by a day the saxuatum period it could have let its bid run because of a long scheduled meeting with institutions and analysis next Thursday after-noon. The Takeover panel has advised that it would be better if the offer closed prior to the start of this meeting.

Last night BET's shares closed down 5p at 398p while HAT's were unchanged at 140p. Teh 72-for-200 share offer values each HAT share at 145.27p. There is a cash alternative of 135p.

The second of th

Sekers stake sold to Danes

Northern Feather Industries, a leading Danish hedding manufacturer, has acquired a 20 per cent stake in Sekers International, the British silk manufacturer and branded fabric supplier, from Coats Vivella.

Northern Feather said it regarded the stake as a long-term trading investment and it has undertaken not to make an offer for Sekers for three years, unless another party makes an offer or the direc-

Mr Schaumburg-Muller, managing director of Northern Feather, is joining Sekers' board.

Mr Gordon Hay, chairman of Sekers, said he believed the acquisition reflected con-fidence in Sekers' business. The trading relationship would enable Sekers to market more effectively its full range of silk and other products in oversees markets, and the design and product development skills of the Danish company would enhance its abilities in this

Strong & Fisher bids £20m for Garnar Booth

BY DAYID GOODHART

Strong & Figher, the UK's UK manufacturers, our exlargest maker of clothing panded product range will out of hand before full discussions represent the best value for sions with the company's financial advisors.

bid to fellow leather manufacturer Garnar Booth.

At the same time Strong Mr Strong.

but was careful not to reject it out of hand before full discussions with the company's financial advisors.

In the year ended January 31 1986 tumover was £39m and pre-tax profit was £2.5m down

reported pretax profits up 5 per cent to 2447m on static turnover of £57.7m for the year ended June 27 1986. However,

Strong & Fisher uses only sheepskin and specialises in upsheepskin and specialises in up-market leather production for clothes whereas Garnar Booth uses cattle hide as well as sheep-akin and also produces leather at annery in Yorkshire. The offer is one new Strong share plus 242p in cash for

47 per cent over the previous year. Garnar attributed the pro-fit fall to a down-turn in the

ended June 27 1986. However, the company stressed that cleather turnover was up 20 per cent. With 89 per cent now exported—wide a balancing fall in turnover was experienced by the by-products such as wood.

Mr Richard Strong managing director, said that Strong's superior marketing skills and technical know-how would help produce a stronger joint UK business able to compete in international markets.

"Our raw material is among the best in the world; with this merger of two of the leading to the compete in the morgery divisions in Wales and international markets.

Mr John Fooks, chief execution for a wider range of goods.

Mr Strong stressed that with increased capacity at several plants and buoyant overseas demand more raw material was needed and Garnar Booth's base in Scotland and the North East would compliment Strong's fell-mongery divisions in Wales and its gearing over 100 per cent) and issuing 5.1m shares—26 per cent of the enlarged share capital. Strong shares closed that the hid had been unsolicited, closed 12p up at 196p.

York & Equity diversifies

"After the Big Bang there will be enormous potential for growth in the personal finance field." said Mr Neil Balfour, executive chairman of York & Equity. "Our intention is to build York & Equity. "Our intention is to build York & Equity. "Our intention is to build York & Equity into a rounded financial services group. This acquisition represents the first step towards that goal."

Sort & Fruits and for the stockbrokers, Penney Raston.

It manages funds worth around dispersion around finance discretionary, after the acquisition York & Equity's funds under management will be increased to Exism.

To coincide with the acquisition represents the first step towards that goal."

by 3p to 65p yesterday.

York & Equity Trust, the USM quoted finance group, is diversifying into personal activities of the private insurchance in activities of the private insurchance in activities of the private insurchance in activities of the private insurchance with its non-executive deputy chairman. Mr. Michael acquisition of Richards Long. Staff, Holdings. It operates in staff, the unit trust and unit trust portfolio manage deputy chairman of John crowther.

Here the Big Bang there will be enormous potential for its 25m holding with its non-executive deputy chairman, Mr. Michael Abrahams, who is also executive deputy chairman, its non-executive deputy chairman of John crowther.

Figure 4. The best of the private insurchance with its non-executive deputy chairman of John crowther.

Figure 5. The staff Holdings is non-executive deputy chairman of John crowther.

Figure 4. The best of the private insurchance with its non-executive deputy chairman, its non-executive deputy chairman of John crowther.

Figure 5. The staff Holdings is non-executive deputy chairman of John crowther.

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Figure 5. The staff Holdings is non-executive deputy chairman of John crowther.

Figure 6. The staff Holdings is non-executive deputy chairman of John crowther.

Figure 6. The staff Holdings is non-executive deputy chairman of John crowther.

Figure 6. The staff Holdings is non-executive deputy chairman of John crowth

represents the first step towards that goal."

York & Equity was formed in May after the reverse takeover of the USM-quoted issuing house, the Equity Finance Group, by the privately-owned corporate finance group, York Trust Holdings. Its shares fell by 3p to 65p vesterday.

announced a series of structural changes. The board proposes to enfranchise the company's non-voting shares, thereby creating a single share structure. It also plans to change the company's name to York Trust.

York and Equity has agreed to reduce its holding in the textilles group. John Crowther, by

tiles group, John Crowther, by

Crowther.

Equity Finance's financial results for the year to March 31 were published yesterday revealing a slump into pre-tax losses of £608,000 from profits of £409,000. The company's investments in the oil and gas industries, and in various unquoted companies, have been written down

York and Equity also announced its new board strucannounced its new board struc-ture yesterday. Three former directors of Equity Finance — Mr. John Robertshaw, Mr. Cecil Benzecry and Mr. John Woollam — have resigned. Mr. Balfour has become executive chairman, and Mr. William Greener, manag-ing director of Pichards Longing director of Richards Long-staff, has joined the hoard as

COMPANY NEWS IN BRIEF

CLARKE, Nichells and Coombs
raised interim pre-tax profits
to £406,833 on turnover
of £1.96m (£1.34m). The
1965 figures pape, been restated following the change in
accounting pelicy. The dividend
is unchanged at 2.1p on earnings per share of 5p (4.7p).

GARTON ENGINEERING is

management buy-out of its subsidiary Dynamic Technology,
which makes lighting control
systems and other electronic
products:

ASTRA HOLDINGS, formerly
is unchanged at 2.1p on earnings per share of 5p (4.7p).

GARTON ENGINEERING is

company, has agreed to a of not less than £250,000.

MORE O'FERRALL PLC

PROFITS

Dividend per ordinary share

Earnings per ordinary share

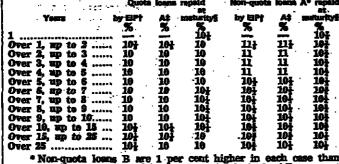
Operating profit

Profit before tax

RECORD FIRST HALF

GARTON ENGINEERING is investments, the country com-paying an unchanged interim pany of pyrotechnics manufac-dividend of 1p on pre-tax profits there. Unwin International of £290,000 (£265,000). Turn-over in the six months rose to 500,000. Astra will take reshare were 6.76p (5.58p). Earnings per 2800,000 loan note. The vendor has warranted profits before tax for the 14 months to March 1987

Public Works Loan Board rates - Effective September 17



Non-quota loans B are 1 per cent higher in each case than non-quota loans A. † Equal instalments of principal. ‡ Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With half-yearly payments of interest only.

2,397

2,052

1.3p

4.8p

The above figures are taken from the unexpited interim results.

Ault & Wiborg in talks to sell paint interests

By Lionel Barber

Ault & Wiborg, the ink and paint manufacturer, is in talks which could lead to the sale of its paint interests. The potential buyer is Berger, Jenson and Nicholson, a subsidiary of Hoechst AG, the German chemicals group.

Shares in Ankt, an 83 per cent

owned subsidiary of Sun Chemi-cal Corporation of the US, were suspended at 51p, valuing the

suspended at 510, watering the group at about £9.8m.

Ault has been rationalising its interests since the turn of the decade. Last month, it boosted pre-fax profits from £332,000 to £406,000, for the first law months to Lune 1986. Turn-1532,000 to £406,000 for the first six months to June 1986. Turnover was slightly lower at £36.8m (£36.9m).

The paints business accounted for just under a third of sales and recorded a £24,000 trading loss. It was berely profitable in the comparable period of 1985.

Kenning Motor recovers

THE expected improvement at Kenning Meter Group materialised in the first six months of the year with taxable profits of £1.58m, compared with a £438,000 loss in the same period of last year. Turnover rose to £209.6m from £202.6m.

ANTOFAGASTA HOLDINGS, ANTOFAGASTA HOLDINGS, ralifreight distributor, water distributor operator, increased its pre-tax profits from £3.04m to £4.19m in the six months to June 30 1986 on turnover down from £6.2m to £5.91m. Associates contributed £1.55m compared with £518,000. There was an explance loss of £400,000. an exchange loss of £400,000 (£840,000). The interim dividend is unchanged at 1.25p.

> REPUBLIC NEW YORK CORPORATION U\$\$150,000,000 Floating Rate Suberdia Capital Notes due 2009

to 30 June

342

376

Notice is hereby given that in respect of the Interest Period from September 19 to December 19, 1986 the Notes will carry an interest rate of 6%% per annum. The coupon amount payable on December 19, 1986 will be US\$159.57 per US\$10,000 Note.

September 19, 1985 The Chase Manhattan Bank, N.A. London, Agent Bank



September 1986

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT Washington, D.C.

Multicurrency Financing in the Equivalent of US-\$ 275,000,000 provided by UNICO-Banks

Crédit Agricole

Swiss Volksbank

Genossenschaftliche

Zentralbank AG - Vienna

Osuuspankkien Keskuspankki Oy

(C.N.C.A.)

Okobank

CERA

Co-ordinated by Deutsche Genossenschaftsbank

> 250,000,000 53/4% Private Placement of 1986/1993 DG BANK Deutsche Genossenschaftsbank

> > Genossenschaftliche Rabobank Nederland Swiss Volksbank Zentralbank AG - Vienna

Banca Nazionale dell' Andelsbanken a/s Agricoltura SpA Danebank

London & Continental Bankers Limited Caisse Centrale des

Banque Fédérative du Crédit Mutuel Banque Populaires

in association with The Norinchukin Bank The Shoko Chukin Bank

53/4% Euroguilder Notes of 1986/1991 NLG 100,000,000 Rabobank Nederland

> DG BANK Deutsche Genossenschaftsbank Banca Nazionale dell' Agricoltura SpA

Osuuspankkien Keskuspankki Oy YEN 5,000,000,000 Private Placement of 1986/1993

The Norinchukin Bank BFRS 2,000,000,000 71/2% Private Placement of 1986/1994

7% Private Placement of 1986/1994 400,000,000

Genossenschaftliche Zentralbank AG - Vienna

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U.S. \$250,000,000

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British Telecommunications public limited company (Incorporated with limited liability under the Companies Acts 1948 to 1981)

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BANQUE BRUXELLES LAMBERT S.A. CITICORP INVESTMENT BANK LIMITED COUNTY NATWEST CAPITAL MARKETS LIMITED DEUTSCHE BANK CAPITAL MARRIETS LIMITED GOLDMAN SACES INTERNATIONAL CORP. MORGAN GRENIFELL & CO. LIMITED THE NATIONAL COMMERCIAL BANK (SAUDI ARABIA)

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Application has been made to the Council of The Stock Exchange for the Bonds, to be issued at 100% per cent. plus accrued interest (if any) in bearer form in the denominations of U.S. \$5,000 and U.S. \$50,000 or in registered form in the denomination of U.S. \$6,000 or any integral multiple thereof, to be admitted to the Official List. Interest on the Bonds will be payable annually. the first payment being due on 30th September, 1987.

Listing Particulars relating to the Issuer, the Guarantor and the Bonds are available in the Extel Statistical Service and copies may be obtained during usual business hours up to and including 23rd September, 1986 from the Company Announcements Office of The Stock Exchange and up to and including 3rd October, 1986 from: ommunications The Chase Manhattan Bank, N.A. Morgan Guaranty Ltd
d company Woolgate House 30 Throgmorton Street
treet Coleman Street London EC2N 2NT
A 7AJ London EC2P 2HD

British Telecommunicat public limited company & Newgate Street London ECIA 7AJ 19th September, 1986

Cazenove & Co., 12 Tokenhouse Yard London EC2R 7AN

S.G. WARBURG SECURITIES

Notice of Redemption



The Taiyo Kobe Bank, Limited

U.S. \$20,000,000

Negotiable Bearer Floating Rate Certificates of Deposit due 26th October 1987

Notice is hereby given that, in accordance with Clause 3 of the above Certificates, the Issuer will exercise the option to prepay the Issue on 24th October, 1986.

> Credit Suisse First Boston Limited Agent Bank



U.S. \$30,000,000

SUNDSVALLS BANKEN

FLOATING RATE CAPITAL NOTES **DUE 1992** For the six months

19th September, 1986 to 19th March, 1987 In accordance with the provisions of the Notes, notice is hereby given that the rate of interest has been fixed at 61/4 per cent and that the interest psyable on the relevant interest psyment date, 19th Merch, 1987 will amount to U.S.\$314.24 per U.S.\$10,000 Note.

Agent Banic Morgan Guarenty Trust Company of New York, Landon

"I expect the markets for our products to continue

firm during the second half and consequently I look forward to a successful year for the Group". R W Gore-Andrews

Extract from Chairman's statement For a copy of the full statement write to the Secretary, More O'Ferrall PLC, 19 Curzon Street, London WIY 8RL

Laporte at £29m but has heavy capital expenditure

Laporte Industries has reported first half results only 5.5 per cent ahead of those for the same period last year. However, Mr Ken Minton, the chief executive, said yesterday that second half profits would be considerably stronger because

The interim dividend has been boosted by 18.75 per cent to 3.8p a share from 3.2p, and earnings per share were ahead at 13.7p (12.6p). In March, Laporte suffered a large fire at its Peterlee fine

organics plant—the specialist chemicals group's third major confiagration in two years— which "virtually wrote off the factory," according to Mr

To make good the loss of Peteriee and as part of a general upgrading, Laporte spent £20m on the Seal Sands organic chemicals complex during the first half. In addi-tion, capital expenditure of around £4.5m was made in the absorbents division.

goes partway towards covering the full loss," said Mr Minton.

Chemicals aid

Hepburn result

Barrow Hepburn Group in-

parrow mepsura Group increased pre-tax profits in the six months to June 30 1986 by 7 per cent from £935,000 to £1m on turnover down from £22.98m to £22.95m.

The board said the chemicals

division's performance im-proved strongly, particularly in rubber and plastics, and most companies in the consumer pro-ducts division also did well.

However, the board was disap-

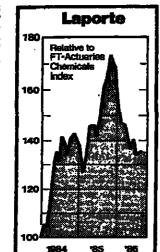
ere the outlook continued to

pointed with the performance of the engineering division,

Earnings per 25p share in the period under review rose

be less optimistic.

Barrow



during the first half. In addition, capital expenditure of around £4.5m was made in the absorbents division.

While Laporte's insurers will compensate the group for the capital replacement of Peterlee and the consequent business loss—some £5m is expected in the second half—"this only gress partners towards covering to the second half—"this only gress partners towards covering to the second half—"this only gress partners towards covering to the second half—"this only gress partners towards covering to the second half—"this only gress partners towards covering to the second half—"this only gress partners towards covering to the second half—"this only gress partners towards covering to the second half—"this only gress partners towards covering to the second half—"this only gress partners to the second half—"this only gress

According to Mr Minton, the fall in the UK was due partly to the loss of Peterlee and partly because of once-off start-

forewarned of the likelihood of a poor first half in the UK at the annual meeting in May, he

After tax of £10m (£10.1m) and minority interests of £100,000, post-tax profits were £18.9m (£17m).

comment

There are few stocks in which brokers differ quite so widely as to their recommenda tions as Laporte — although the deviation from the consen-sus £64m forecast for the year is only fim or so. The argu-ment put by the sellers is that uncertainties over future earn-ings from Interox in the US and ings from Interox in the US and over the depth of group management could conspire to shoot Laporte in the foot and chop it down sharply from its prospective multiple of 12 on a tax charge shaved by 2 points to 35 per cent. The buyers argue that US peroxide prices remain firm, that the feared glut is not researching and that the agreestion appearing and that the accession of Mr Minton to the top executive slot has been followed by some acquisitions in which management has been purchased along with products. As been parties appear to agree on both parties appear to agree on a forecast of a 14 per cent rise the full loss," said Mr Minton.

For the opening half to June,
Laporte announced pre-tax profits of £28.8m (£27.3m) on sales
up 12 per cent at £197.5m.

Breaking down these figures,

Crean expands to £2.6m

James Crean, Dublin-based group as a whole since June 30 distributor of industrial and had followed a similar pattern. electrical products—it also has Profits of subsidiaries ininterests in confectionery—said creased from I£1.43m to I£2.36m merests in confectionery—said yesterday that trading conditions during the first six months to June 30 1986 were very competitive, both in Ireland and the UK. It was particularly so in Ireland where consumer expenditure was believed to be well down on earlier expecta-

All the group's companies were coping with those condi-tions and the trading perform-ance of the recently acquired Freezer Queen division had were coping with those conditions and the trading performance of the recently acquired from 4.85p to 5.5p net—last ance of the recently acquired from pre-tax profits of \$4.6m, been up to expectations. The directors said trading in the 25p share were 11.5p (7.78p).

treased from 121.45m to 122.50m to boost the group's pre-tax figure from \$1.6m to £2.55m. Share of profit of an associate of £187,000 (£167,000) was included in the overall figure.

Sales rose from £42.15m to £50.57m. After tax down from £558.000 to £558.000 £558,000 to £535,000, attributable profits merged at £2.01m compared with £1.04m.

Hampden Homecare rises 30%

12.5 per cent from 1.68p to 1.89p and the directors are de-

14 Days Notice

6·72[%]

4.85%

Lombard North Central

17 Bruton St, London W1A 3DH.

6.35% | 8.94%

Cheque Savings Accounts

claring an unchanged interim dividend of 1p per ordinary share. The dividend payment per cent from £279,000 to the £352,000 (£361,000). Tax takes £355,000, against £374,000 previously, leaving net profits of £652,000 (£561,000). Here the first interim dividend of 0.5p—the total for the clair-

9.46%

6.83%

Mr J. P. Goldstone, the chairman, said Hampden had acquired 4.6 acres at Galwally in South Belfast with planning permission for a store with a retail area of 33,000 sq ft, together with a garden centre. It was planned to open the store NOTICE TO LOMBARD DEPOSITORS

After tax up from £114,000 to £136,000, attributable profits to £138,000, attributable profits were £227,000 against £165,000, but there was an extraordinary debit of £50,000, which represented closure costs incurred in relation to two stores.

Stated earnings per 10p share improved from 1.65p to 2.27p.

WESTPOOL Investment Trust received gross income of £3.17m received gross income of £3.17m in the year ended April 30, up from £3.04m. The figure includes dividends of £2.59m (£2.24m) from London Merchant Securities. A final dividend of 1.256p is being recommended, making 1.6p for the year. It is also recommended that a final dividend of 0.257p is paid in respect of last year, making a total of 1.775p.

FRIENDLY HOTELS has separately acquired a nursing home at Chandlers Ford in Hampshire and a residential home in Bury St Edmunds for a total consideration of £1.4m in cash. Both homes are free-hold and had combined profits of around £70,000 pre tax for their last 12 months of operation.

Wm Baird shares rise on surprise profit growth

William Baird, the textile and engineering group, surprised the City yesterday by unveil-ing an unexpectedly high increase in pre-tax profits of 27 per cent to £6.2m. The company's shares rose by 12p to 380p on the announcement.

In the six months to June 30 the company's turnsver mustered a relatively modest mustered a relatively modest increase to £111.17m (£106.5m) but, thanks to a cost-cutting programme in both textiles and engineering and to a fall in the interest charge profits rose morn rapidly.

Baird Textiles — which includes sumplies to Market

includes supplies to Marks and Spencer and the Danni-mac rainwear range—sported mae rainwear range—sported growth in turnover to £77.75m (£76.56m) and in operating profits to £5.13m (£4.39m).

In Darchem, the engineering division, turnover rise to £33.42m (£31.08m) and operating profits to £2.03m (£1.54m). The contribution from insulation work on the Torness and Heysham II nuclear power stations is beginning to decrease, as these contracts come to an end, but Baird is building up its activities in the aerospace, car and old production

The contribution from investments fell slightly to £494,000 (£571,000) largely because of the fall in interest

rates. Central administration costs increased marginally to £205,000 (£185,000).

The increase in earnings per share to 14.3p (13.0p) was inhibited by a rise in the tax charge to £2.17m (£1.22m) this £3.00m; the ptillesties of this follows the utilisation of most of the Advance Corporation Tax formerly written off. The board proposes to pay a dividend of 5.88p (5.13p) a

hare. Although Mr Donald Parr, the chairman, expects to see continued growth in profits in the second half, he warned shareholders that the growth will be at a slower pace than

Year after year William Baird has produced an impressive performance and year after year it has been bandled about as a candidate for reabout as a candidate for re-rating. Yet somehow Baird's re-rating has never material-ised. The limited market in its shares offers one explana-tion, another is that the pros-pects of the end of the incrative nuclear insulation contracts has clouded City perceptions of the company. With Torness and Heysham II approaching completion, approaching completion, nuclear earnings are already dwindle, but with this set of results Baird has proved that it is capable of drumming up new business from other aspects of preci-sion engineering. Textiles seem to have survived dismal weather, the decline in US weather, the uctume in the tourism and even pressure on margins from Marks and Spencer. Baird is now inclined to spend some of its surplus cash on diversifying the fav. into new niches of the tex-tile industry. The City ex-pects profits of £17m for the full year, producing yet an-other undemanding prespec-

Lionel Barber on Goldman Sachs' tender for Philip Hill's portfolio

The making of Maxwell's war chest

JUST five weeks ago, Lord Keith, the abrasive chairman of the Philip Hill investment Trust, ruled out any role by outsiders to liquidate the trust. Despite several approaches from international securities houses, Lord Keith said: "We don't need their help. It is a bine chip portfolio."

Late on Wednesday night, an

outsider appeared with an offer which even Lord Keith could not refuse. Goldman Sachs, the US investment bank, put in a successful tender offer for the bulk of PHIT's 1330 reportfolio. The deal was struck hours after Mr Robert Maxwell's British Printing and Communi-cation Corporation had declared its own cash and shares bid for PHIT unconditional as to

for PHIT unconditional as to acceptances, and soon after the market close on Wall Street.

The timing was all important because of the combination in the portfolio of both UK and US stocks, including such as ICI, Prudentia Assurance, BTR, the industrial conglomerate, General Electric of the US. Eastman Kodak and the US, Eastman Kodak and Du Pont, the chemicals group. The price of the tender re-mains undisclosed. But it is known that a US banking group and a Swiss banking group also tendered.

For Mr Maxwell, the deal represents a second successful

attempt to raise funds via a successful bid for an investment trust, rather than the more conventional method of resorting to a rights issue. In May 1984, he made an agreed £52.7m bid for Bishopsgate Trust and, after a similar swift liquidation, picked up around £50m cash for BPCF; his feat-moving raphilish.



successful tender is another to buy and sell large portfolios high-profile deal, though its for international institutions. novelty should not be exaggrated. By taking a portfolio out yesterday that he had barred on to its books and then agreeing to distribute the stack for the portfolio because in ing to distribute the stock aroun dihe worl dto clients, it foreshadows the new high-risk, deregulated securities trading associated with the forthcoming

It is thought to be the second time that a trust has been bought and distributed in this fashion. County Securities recently helped Transatlantic Insurance to take over Continental and Industrial Trust. The portfolio was liquidated for £135m, County took the portfolio off its client and, according to Mr David Cardale of County, "made a very satisfactory profit" post-distribution

Lord Keith (left), chairman of Philip Hill, and Mr Robert Maxwell, chairman of BPCC.

for the portfolio because, as brokers, it had assisted in the sub underwriting of BPCC's cash alternative for PHIT. Rowe that it woud have like to tender along with its partner, Akroyd & Smithers. Like County, R&P, wearing what one partner calls its "Union Jack underpasts," is investment banks do not have a monopoly on such "bought

Mr Maxwell reckons BPCC has acquised "well in excess" of £300m for a war-chest, to be used for acquisitions. Hyperactive player in the bids and deals theatre in the UK and

magazine publisher — Mr Maxwell was still talking yesterday of creating a global media empire with sales of £3bn to £5bn by the end of the decade. There is, however, more to the deal than a "backdoor rights issue." Mr Maxwell is keeping PHIT's shares in Arlington Securities which will raise his take in the property developstake in the property develop-ment and trading group to ment and trading group to between 10 and 11 per cent.
Yesterday, Mr Maxwell was prepared to contemplate a closer relationship between the two companies. "If they are competitive, they could develop some of BPCC's property interests — which are substantial" he declared.
For Lord Keith, who has acquired a reputation for oust-

For Lord Keith, who has acquired a reputation for ousting incombent chairman in boardroom coups over the past 12 months, notably at Beecham, the pharmaceuticals group, and STC, the electronics and computers business. Wednesday's deal offers a neat escape for what might easily have been an undignified exit.

For 19 years, Lord Keith has been chairman of PHIT. In recent months, he had faced growing shareholder unrest. Institutions had voiced concern over the trust's unimpressive performance and its 1.6 per cent sake in Beecham which accounted for a bulky 15 per cent of assets.

cent of assets.

In July, Barclays de Zoete
Wedd, the financial conglomerate, put forward a plan for the trust's investment to be changed the UK equities indices. Share-holders representing 56 per cent of PHIT's shares backed the plan.
In retrospect, Mr Maxwell has done Lord Keith a rather good

at Barr &

Wallace

Profit halved

Although pre-tax profits at Barr & Wallace Arnold Trust were virtually halved at £161,000 for the first six months

of 1986, against £313,000, Mr. Barr, chairman, said he expected the full year's figure to be similar to the £1m for 1985. Sharebolders are to receive a

maintained interim dividend of 2p net per ordinary and "A'

ordinary share.
Turnover increased from £60.17m to £67.2m for the period. Trading profits, down from £581,000 to £336,000 were split as to: motor distribution £639.000 (£836,000); leisure and holidays £486,000 loss (£392,000 loss); fuel distribution £183,000 (£137,000).

(£137,000).

Mr Barr explained that startup costs and initial trading losses of a venture in Notting-

Perry looks for full year rise

first six months of 1986, com-

pared with £1.95m.

The directors, however, pointed out that the shortfall was eliminated in July while August looked to have been an excellent month and they said they would be disappointed if the full year's profit did not exceed the £3.56m for 1985.

Turnover expanded from £72.26m to £80.1m which yielded a gross profit of £5.42m (£4.92m). The pre-tax figure

(\$4.92m). The pro-tax figure was after administration expenses of £3.08m (£2.67m), and interest £549,000 (£295,000) which included financial charges

Wolstenholme

recovers from **US problems** Freed of the adverse effects of its Omnicrom US subsi-diary, Welstenheime Rink, diary, Wolstenhelme Rink, Lancashire-based metals manufacturer, has increased interim profits by 54 per cent from £752,000 to £1.16m. During the first half to June 30 the affairs of Omnicrom were re-organised and as a result it was now substantially free of third party debt and continued to trade at a modest level, directors stated.

Group turnover has risen to £14.02m (£11.88m). The interim dividend is being raised by 0.25p to 2.75p on basic earnings per share up to 12p from 5.6p.

Wolstenholme said trading woistenatine said trading across the group had been en-couraging, with the exception of Omnicrom Systems in the UK, but its performance was slowly

improving.
The directors expect a satisfactory outcome to the year.

HIGHER interest charges have After tax of £703,000 at four locations and releft taxable profits of Perry (£848,000) for the first half, structured its operations to take Group, Ford and GM main earnings were given as 5.9p maximum advantage of this, the dealer, down at £1.79m for the (£1p) per share while the directors pointed out.

showed no improvement due to the continuing intense price competition and the reduction grammes, but used car profits forged ahead with an increase of 88 per cent over the previous

year. Growth was also achieved in car and truck service, accident repair and self drive hire departments while truck sales showed a further decline. The group has opted to take up the new Iveco-Ford franchise

(8.1p) per share while the interim dividend is maintained at 1.65p—last year's final payment was 2.85p.

Profits from new car sales signed for the construction of the new premises providing 50,000 sq ft of facilities on a prominent three acre site. Occupation

The 10 estate agent officies acquired had been reorganised and refurbished, particular emphasis being placed upon the development of in-house financial services.

The first "cold start" office opened in May and was performing well, with further offices under negotiation.

directors said.

Bodycote expands profits and operations in first half

Bodyeste International, the 3.25p. After tax of £719,000 metal treatment and protective (£490,000), earnings per share ciothing manufacturer, cqn-inned to expand its operations 10.6p to 12p. in the first half to June 30 and achieved a 41 per cent profits rise from £1.35m to £1.91m. Bodycote said. A plasma Turnover rose 16 per cent from £1.92m to £22.34m. Stoted at Aldridge. The Corby than had begun tricke and

Turnover rose 16 per cent from fil9.23m to £22.34m.

The lower interest charge of £30,000 reflects interest on funds from the rights issue of last December.

Bodycote said it continued to develop and expand. In July it acquired Itex Safety, a safety equipment company, for £704.591. The consideration was expected to start next month. The new West Germany, was working profitably.

The group is preparing to foot its Dutch subsidiary, KIM Kledingbedrijven Ehco on the satisfied by the issue of 296,766 Bodycote shares. Itex is being integrated into the group under the new name of Stephens-Itex Safety.

The interim dividend is being raised from 2.5p in the comparable period last year to forward to another record year.

losses of a venture in Notting-ham accounted for the motor distribution division's reduced profits, and although overall the leisure and holidays sector increased its losses, some of the coaching and inclusive holiday activities were expected to be profitable in the second half to an extent likely to give the division an improved result

Home Farm Products passes £1m mark Home Farm Products,

After first half tax of £75,000 (£76,000) earnings were given as 1.4p, down from 3.9p.

on the year.

sheffield pork butcher, Sheffield pork butcher, increased its pre-tax profits from \$803.000 to £1.02m in the year to May 31 1986 on turnover, net of VAT, up from £28.21m to £28.53m.

The final dividend is unchanged at 2.1p for a same-again total of 3.25p net. Stated earnings per 10p share improved from 11.8p to 14.7p.

Tax for the year was higher at £330.000 compared with £254.000. Goodwill written off was £8.000 against £135,000,

was £8,000 against £135,000, leaving an undistributed profit in the group of £2.35m (£1.82m) to be carried forward.

Banro rights Banro Industries' Banro Industries' one-for-three rights issue is at 140p per share not 40p as stated yester-

BOARD MEETINGS

FUTURE DATES interims: Breadon and Cloud Hill Lime Works, Horaca Cory, Descutter, Jinkle Heel, Enterprise Oil, Goel Petro-aum, Richardson Wastgarth, Sapphire Petroleum, Wordpiex Information Sys-

Finals: Northern Industrial Improve-

Wm MORRISON SUPERMARKETS PLC

INTERIM RESULTS

26 weeks ended

Operating profit Profit before taxàtion

2 August 1986 £0000's 202,165 173,432

1 February 1986 £000's 15,849 15,701 9,194

* Turnover increase 16.6% * Operating profit increase 29.1% * Profit before taxation increase 28.2%

Interim report and statement may be obtained from: The Secretary, Wm Morrison Supermarkets PLC, Hilmore House, Thornton Road, Bradford, West Yorkshire. BD8 9AX.

Chairman's statement

Haidpesionan Gold Minng Company Limited An Anglovaal 💥 Group Company

Gold prices boost mine's profit; work started on new low-grade gold

recovery plant - Mr Basil E. Hersov A 41 per cent increase in the average gold price received during the year more than offset a 2.4 per cent reduction in gold production, higher working costs and lower urankum profits and non-mining income. As a result the profit before tax improved by 47 per cent to R493,0 million from R335,5 million. After deducting taxation of R290,6 million (1985 – R212,5 million) and capital expenditure and loan repayments totalling R63,1 million (1985 – R35,1 million) earnings amounted to R139,3 million (1985 – R35,1 million) earnings amounted to R139,3 million (1985 –

R94,3 million), equivalent to 124,4 cents per share (1985 - 84,2 cents per share). Dividends totalled 110 cents per share (1985 - 80 cents per share). Reduced grade flexibility, following the concentration of stoping operations mentioned last year, led to a lower recovery grade of 9,4 grams per ton (1985 – 9,7 grams per ton) and despite a marginal increase in throughput, gold production decreased from 30 126 kilograms to 29 401 kilograms. Unit costs rose by 13,8 per cent (1985 – 9,4 per cent). The higher development rate planned for the year was not achieved but development will be increased significantly during the current year.

Capital expenditure for the year totalled R61,5 million (1985 - R33,1 million). The Increase was largely due to the commencement, during the second half of the year, of work on the construction of the additional gold recovery plant to which I referred last

This plant is scheduled to be commissioned towards the end of the 1987 calendar year and will treat low-grade ore from surface accumulations, waste washing plants and sorting operations at a design throughput of approximately 120 000 tons per month. The average yield is expected to lie between 1,2 and 1,4 grams per ton. The project will cost approximately R135 million in July 1985 terms and R28 million was expended during the past year. Expenditure continued on employee accommodation and amerities, electrical plant and equipment and on the equipping of No. 6 north shaft which was commissioned during the year. During the current year and next year, capital expenditure will remain high at about R86 million and R60 million respectively with the largest proportion being incurred on the gold plant referred to above. The balance will be incurred on other high priority projects such as further upgrading of employee accommodation and the purchase of surface and underground equipment—

The drilling programme for structural information in the south-western portion of the The drising programme for structural information in the south-western portion of the lease area, against the western boundary fault system, was completed during the year. This drilling has more clearly indicated the position and attitude of the faults and has indicated a potential for increased mineable ground in that area. Geological investigations on the property Townlands No. 424 I.P. immediately west of the lease area relate to the possibility of viable reefs other than Vaal Reef existing on the property. This preliminary drilling programme will continue into the current financial year to assess the potential of these reefs as a supplementary source of ore to the mine.

Mine planning of areas to be stoped during the current year indicates that the average grade should approximate the levels achieved in 1984 and 1985. In addition to a higher level of wage increases recently granted, operating costs will be adversely affected by a significant increase in development planned for the year and by general cost escalation. With the higher planned levels of capital expenditure, the gold price in rend terms will again be the principal determinant of earnings and dividends.



9 September 1986

The annual general meeting of members will be held in Anglovaal House, 56 Main Street, Johannesburg at 11h00 on Wednesday, 15 October 1986.

UK COMPANY NEWS

DPCE growth continues with 45% profit rise

equivalent 1.5p.

Which are a statistical and the rate of turnover growth had not been matched at the pre-tax level because it reflected the acquisition of the Storage Technology businesses in the Nether
UK activities.

The company is looking for open up to open up t

Continental Microwave 36% ahead at £0.9m

Increased international de-mand for communications equipment has boosted pre-tax profits at Continental Microwave (Holdings), a Luton-based USM company. The company yesterday reported profits up 36 per cent from £708,000 to £936,000 for the year to June 30 1886, on turnover higher at

ilid

reased from 2.25p to 2.75p net for a total of 4.5p (4p), an increase of 13 per cent. Stated earnings per 25p share were down from 20.5p to 17.4p basic, and were 18.4p (nil) fully diluted.

Another contributing factor bility and a much improved second half in the US operation at RF Technology Inc.

Tax for the year rose from fividends of £220,900 (£102,000), retained profits came out at £327,900, compared with £401,009.

Tarnover amounted to £8,05m Delaney Group structure on the directors said the range and diversity of that the range and diversity of the retax profits from £268,000 to £291,000 in the first half of 1986.

The rower amounted to £8,05m Delaney Group structure maker and distributor. lifted the range and diversity of the retax profits from £268,000 to £2102,000, retained profits came out at £327,900, compared with a previous maker and distributor. lifted the range and diversity of the retax profits from £268,000 to £2102,000, retained profits came out at £327,900, compared with a previous maker and distributor. lifted the range and diversity of the retax profits from £268,000 to £2102,000, retained profits came out at £327,900, compared with a previous maker and distributor. lifted the range and diversity of the retax profits from £268,000 to £2102,000 to £416,000, and after decoration projects completed successfully for UK. This corrects yesterday's report clients had increased markedly on the interior quoted the net taxed figures as gold improvement in the level of pre-tax.

DPCE, the computer maintenance company which has acquired a reputation for turning in a 40 per cent growth in pre-tax profits each year, yesterday reported a 45 per cent for their revenue contribution of terday reported a 45 per cent for the pre-tax profits each year, yesterday reported a 45 per cent for the year to June 30 1986.

The figure was buoyed by lands and Belgium.

These previously loss-making range of expectations, perhaps decause some had under-estimated the extent to which the building up of the sales operation would add to over-heads, but the increase was nevertheless far ahead enough

Blanchards jumps 44%

This trend is expected to continue and in spite of a general to attract substantial demand for its design and furnishing Middle East the directors stated that the current order book and the value and quality of projects under negotiation gave good cause to view trading and prospects with confidence.

After a tax charge of £354,000, compared with £219,000, earnings were given had secured several projects in the Middle East and North Africa the company continued for its design and furnishing services.

The group's estate agency had an excellent year with classification gave good cause to view trading and prospects with confidence.

After a tax charge of £354,000, compared with £219,000, earnings were given had secured several projects in the Middle East and North Africa the company continued to attract substantial demand for its design and furnishing services.

The group's estate agency had an excellent year with demand for properties at the upper end of the market continuing strongly, the directors pointed out.

The new landscape company had secured several projects in the Middle East and North Africa the company continued to attract substantial demand for its design and furnishing services.

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The mould be added to a continued to attract substantial demand for its design and furnishing services.

The group's estate agency had an excellent year with demand for properties at the upper end of the market continuing strongly, the directors pointed out.

The new landscape company had secured several projects in the Middle East and North

The figure was buoyed by the proceeds from the previous year's rights issue which took the net interest receivable figure up from £370,000 to £900,000, "ut turnover also surged ahead from £13.51m last time to £25.52.52.

The carnings per share figure, however, was dampened from the previous year had contributed about £1m in revenue and £150,000 in profits. The mainstream UK activities.

Mr Tordoff said DPCE was nevertheless far shead enough of the customary 40 per cent to particularly pleased with the increase was nevertheless far shead enough of the customary 40 per cent to performance of its US operations, which in their second for ever and one day that 40 per cent will turn out to be a paining revenue and £150,000 in profits. The mainstream UK activities.

The figure was buoyed by the proceeds from the previous group's activities.

Mr Tordoff said DPCE was nevertheless far shead enough of the customary 40 per cent to pearly company can maintain this rate for ever and one day that 40 per cent will turn out to be a paining in revenue and £150,000 in profits. The mainstream UK activities.

The figure was buoyed by the proceeds from the previous group's activities.

Mr Tordoff said DPCE was nevertheless far shead enough of the customary 40 per cent to company can maintain this rate for ever and one day that 40 per cent will turn out to be a paining in revenue and £150,000 in profits. The mainstream UK activities. with new business from existing clients and additional customers.

DPCE views the prospects for the current year as excellent, with good growth coming from the US, strong advances in the European expansion and those interesting foundations had in the US. For the current Netherlands and Belgium and a buoyant performance from the UK scivities.

The company is looking for poperations in another European operations in another European country.

dent computer maintenance computer maintenance companies in the UK is still at only 5 per cent, leaving ample those interesting foundations that interesting foundations had in the US. For the current year as excellent, with good and interesting foundations that is probably high enough: DPCE is a quality business with good

Boosted by greater contributions from the London retail
and UK contracts department
and the estate agency, taxable
profits of Blanchards, the USMquoted interior designer and
decorator, expanded by 44.3 per
cent from £577,000 to £833,000
for the year ended June 30

1986.

This trend is expected to conAftica the company continued

Aftica the company continued

Delaney Group

More **O'Ferrall** surges to over £2m

advertising group, watched its shares rise by 13p to 143p yesterday in response to a five-fold increase in pre-tax profits to £2.65m in the first half of the year fnelled by growth in the poster adver-tising market and the acquisi-

of Adahel accounts for much of the growth in turnover we ment in the UK poster market, where turnover for both the old More O'Ferrall and Adshel increased by 28 per cent," said Mr Russell Gore-Andrews, the company's

In the six mouths to June 30 More O'Ferrall increased turnsver to £13.5m (£8.25m) and operating profit to £2.39m (£342,900). The interest charge rose steeply, however, because of the horrowings incurred by the acquisition of Adahel, to £345,000 (£162,900). Earnings per share rose to 4.5p (1.0p) and

More O'Ferrall Adshel — which poster sites in bus shelters eward a 50 per cent holding. In the first half of 1985 Adahel contributed £197,000 to More O'Ferrall.

spoof advertising campaign for Adahel and on the spon-sorship of a creative poster

fairly firm at the moment, said Mr Gore-Andrews. "And In the current year More anguarance its autort activities in conjunction with the British Airports Authority. It has just added sites at Belfast Airport and Heathrow's Terminal Four to its narriolio.

nt complies with the requirements of the Council of The Stock Exchange of the United Kingdom and the Republic of Ireland



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Westdeutsche Landesbank Girozentrale

Particulars of the Notes are available in the Extel Statistical Services. Copies of the Listing Particulars may be obta normal business hours on any weekday up to and including 23rd September, 1986 from the Company Announcements C Stock Exchange and up to and including 3rd October, 1986 from:—

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Union Bank of Switzerland (Securities) Limited Yamaichi International (Europe) Limited

nounced last March, to organise the group into four major sectors: retail banking, corporate banking, investment banking and international banking.

Mr John A. Brooks, deputy group chief executive, will assume responsibility for line operations throughout the group. Reporting to him will be the chief executives of the four main business sectors: Hr Ian Paterson (retail banking): Mr Brian L. son (retail banking); Mr Brian L. Goldthorpe (corporate banking); Mr Ernst W. Brutsche and Mr Bobert F. B. Logan (investment banking); and Mr Herve de Carmay (international banking), Mr John G. Harris, an executive director, will be responsible for central resource management, including communications, pur-

including communications, purchasing and property management, group consultancy and the administration of central service departments. Mr Rodolfe Bogni, chief financial officer, international, becomes special projects director. Mr Ian C. Morison.

jects director. Mr Ian C. Morison, an assistant general manager, becomes group corporate affairs director.

Mr Michael J. Fuller, general manager, business development division, becomes UK operations director. Ha will exercise day-to-day responsibility for retail banking operations throughout the UK, while retaining his present responsibility for marketing. Mr A. E. (Eddie) Robinson, a general manager, becomes financial services director. Mr Denis C. Long, a general manager, becomes systems director. Denis C. Long, a general manager, becomes delivery systems director.

Mr David R. W. Potter becomes global corporate banking director. He will have responsibility

tor. He will have responsibility for the group's relations with multinational corporations (together with their UK subsidiaries) and the largest UK corporate customers. He will retain his Samuel Montagu directorahips. Mr A. Ian Mullen, a corporate financial director, becomes global specialised industries director, with responsibility for the group's relations worldwide with the shipping, aerospace and oil and energy industries and with non-bank financial institutions. Mr Rodney P. Baker-Bates, general manager, group corporate banking unit, P. Baker-Bates, general manager, group corporate banking unit, becomes commercial banking director. He will progressively assume responsibility for the group's other key corporate relationships in the UK Mr Geoffrey A. Freestene, general manager, group risk management, becomes credit and risk director. Mr Ian Cotterill, a director of Forward Trust Group, becomes business resources director.

Changes at Littlewoods

Mr A. A. Hutchison, deput group chief executive of THE LITTLEWOODS ORGANISA-TION and managing director of the mail order division, is to retire on December 31, to concentrate on group strategic matters as deputy group chief matters as deputy group chief executive. Mr A. J. McCann will join Littlewoods on October I as deputy managing director of the mail order division and will become managing director from January I when he will be appointed to the group board. Mr McCann joins from Allegheny International where he was corporate vice president. He was also president and manging director of Allegheny's Sunbeam international division.

Mr W. Huntley has been confirmed as managing director of the chain store division from October I. He joined Littlewoods in October 1984 as director—group management services and was appointed acting managing director of the chain store division on April I this year. Mr Huntley will relinquish the post of director—group management

of director — group manager services on October 1. Mr Bernard P. Horn has been sppointed senior international executive for NATIONAL WEST-MINSTER BANK'S corporate financial services, international banking division, dealing with special financial services. He special financial services. He succeeds Mr Roger Byatt, who has been appointed regional general manager, corporate financial services. Mr Horn was controller of the bank's marketing and co-ordination section.

E. W. BLANCH CO, of the US, E. W. BLANCH CO, of the US, has completed the purchase of the outstanding equity in Bradstock Blanch previously held by Bradstock Group and the name of the company has been changed to E. W. Blanch (U.K.). The directors will be Mr R. V. Craig (chairman), Mr A. F. C. Fox (managing director), Mr P. S. Walker (financial director and company secretary), Mr S. F. Stenhill, Mr E. W. Blanch Jr,

MIDLAND BANK has made a number of senior appointments following the decision, and Mr C. J. Bowring, a director of Robert Fleming Insurance the group into four major secvices to the new company.

CHANCERY SECURITIES has appointed Mr Michael S. Cehen as a banking consultant. He was previously a consultant to Brown Shipley & Co.

NEXT has appointed three executive directors; Mr David Charles Jones, Mr Peter Francis Lomas and Mr John Herbert Whitmarsh, and one non-executive director, Mr Herbert John Hann.

Mr Richard Holden has joined WESTWOOD INFORMATION TECHNOLOGY as managing director of CalComp Europe.

F. H. TOMKINS has made the following subsidiary appointments: Mr John Starbuck as ments: Mr John Starbuck as managing director of Twiflex, and Mr Peter Graham as managing director of Firth Cleveland Engineering. Mr Starbuck was previously director and general manager of EMI-MEC and Mr Graham, general manager of two companies in the H A Light

director money market instruments. He will take charge of a new department responsible for co-ordinating primary and secondary market involvement in floating rate notes, Euro notes, Euro commercial paper and other Euro money market instruments; he previously headed the trading activities at tUBS Securities. Mr Cliff Hazell has been appointed director of trading and will take up his post in the near future. He was with Gray Mackenzie Marine Services EC (Bahrain) as fleet manager. He was with International Container Leasing as sales manager.

Mr M. J. L. Refly, chairman and thied executive of M. W. Marshall & CO, moneybroking and will take up his post in the near future. He was with Gray Mackenzie Marine Services EC (Bahrain)

Marine Services EC (Bahrain)

Geodell joins Tiphook Container Rental as marketing manager.

Mr M. J. L. Refly, chairman and executive of M. W. Marshall & CO, moneybroking subsidiary of the Mercantile House Group, intends to retire during 1987. In the meaning that will be succeeded funnedi-

Mr Uri Dadush has been appointed chief executive of BUSINESS INTERNATIONAL. a business information company acquired by The Economist Group in July. He is group vice president, international, for Data

Resources Inc.

chief manager (dealers) in BARCLAYS' head office foreign exchange and money market centre, has been appointed a deputy treasurer of the bank. He is succeeded by Mr Trevor Cass, formerly a deputy chief

companies in the H A Light group.

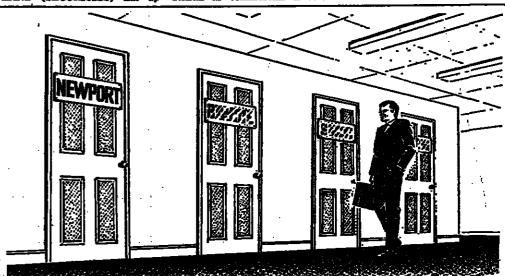
Mr David Wallis has been appointed a director NORMANS GROUP.

UNION BANK OF SWITZER-LAND (SECURITIES) has ap-

Mr M. J. L. Relly, chairman and chief executive of M. W. MARSHALL & CO, moneybroking subsidiary of the Mercantile House Group, intends to retire during 1987. In the meantime he will remain chairman but will be succeeded immediately as chief executive by Mr but will be succeeded immediately as chief executive by Mr
M. J. Warren. At the time of
Mr Kelly's retirement Mr Warren
will be appointed chairman and
Mr R. H. Smith will become
chief executive. Mr Kelly will
remain deputy chairman of
Mercantile House Holdings.

To strengthen its To strengthen its marine reinsurance broking division the BRADSTOCK GROUP has purchased a controlling interest in a reinsurance broking company headed by Mr Vincent Byrne. This company has been renamed Bradstock Byrne & Partners and the districtors in addition to Mr the directors, in addition to Mr Byrne, are Mr Giles Gleadell, Mr John Cliff, Mr Malcohn Stratten, Mr David Bradstock, Mr Robin Gibson, Mr David Plunkett and Mr Peter Cresswell.

VIKING AIR FREIGHT and its associated export company, Trojan International, have appointed for David Warrick as financial director. He joins from Unilever.



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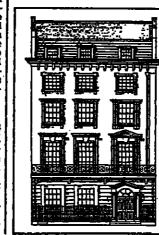
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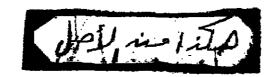
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(Access Un 1 downs in the solutions could be ranked thus: 18d., 10, 5 ac., 11; 9-20, 28, 21-28, 17, 21, 5 ac.; and 23 d.—5 ac., 12—1 d (see also clues to 10 and 11). Most of these have incomplete clues.

ACROSS

1 There's no fledging like an apyornis (3,4)

5 Suitable in a murderer (7)

9 Subject for runners (5)

10 Not quite usual opening notes could follow air (9)

11 Teller on the wing, perhaps (9)

12 Guide to religious sect (5)

13 Do nuclei do it again? (5)

14 Digital indicators of colours around a coil of rope (3,6)

15 Junior worker, not working, in charge: obey, wriggling (6-3)

16 Awful waffle by cenvict showed colours (4,1,4)

17 With Rose about I go gallivanting (9)

18 Dreads exposure—see name on envelope (9)

19 I mess about, which is shocking (5)

21 Study for degree with charges (5)

22 Study for degree with charges (5)

23 Musicians, almost mature? I mess about, which is shocking (5)

21 Study for degree with chartered accountant on island (5)

22 Angora? Argo has it for a change (5,4)

23 Pop's sort of cake and (briefly) sort of bread (4-14)

24 Part of body displayed by model on drugs? (5)

27 Gives respect and uses reference book (5,2) Hoursey Johnstone UT Hight. (a)
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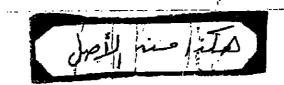
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189 For lic (7) DOWN 1 Policeman, if force is used? (7) 2 Fantastic place where alderman sadly died (9)

3 Sort of rubber used for home elimbing aid (5)



Financial Times Friday September 19 1986 41 **INSURANCE, OVERSEAS & MONEY FUNDS** Money Market 01.625 8000 \$ 500 High.

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LIVE HOGS 30,000 lbs, cents/tbs

SUGAR WORLD "11" 112,000 lb, cents/lb

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MARKETS

COPPER prices firmed further on the London Metal Exchange yesterday, with eash grade A metal closing up £5.50 on the day at £934.50 per toune. The price was underpinned by a downturn in sterling's value against the dollar and continuing grentia on the New York

strength on the New York

Commodity Exchange. Traders said market attention was focused on labour talks due at the weekend at Noranda's

Horne smelter in Quebe

following a spate of industrial disputes in Canada's resource industries. Elsewhere on the LME, nickel prices fell thanks in the control of t

LME, nickel prices felt sharply in response to cash selling. On the London Commodity Exchange, robusta coffee futures paused after their recent renewed burst of activity. The November position clessed at \$2,466 per tonne, up \$2.50 on the day. Cocoa futures held firm, belstered by strong demand

belstered by strong demand from the West German chocolate industry, sparked

LONDON

Malaysian leader comes clean on tin buying operation

mitted it was behind the mystery tin buying operation on the London Metal Exchange in 1982 which ended in losses estimated to run into several hundred million dollars.

All along, the government has denied its involvement. But it has reversed its position now because the episode was threatening to develop into a serious political scandal, with the opposition Democratic Party alleging corruption.

Dr Mahathir Mohamad, the Prime Minister, admitted the government was the mystery buyer, but he told the annual meeting of his ruling United Malays National Organisation yesterday that the decision was in the national interest and to protect the tin industry, be-cause LME brokers were de-pressing prices by selling short. Dr Mahathir said the opera-tion would have been a success if the LME had not "cheated" and amended its rules to allow limited penalties for non-delivery. This led to the col-

lapse in tin prices. As far as the outside world was concerned, the mystery in buying controversy died down after several weeks. But it simmered on in Malaysia until simmered on in Malaysia until it exploded into a potentially damaging scandal earlier this year, when Mr Lim Kit Siang, opposition leader in parliament, alleged that mony from the government-managed employees Provident Fund (EPF) was being invested in an unusual manner and suggested corruption.

Dr Mahathir explained yesterday that to recover the tin losses, the government used money from the EPF to buy cheap shares offered by companies seeking a listing on the stock exchange.

These shares were then transferred to a littl-known company, Makuwasa, for resale on the open market, and profits were channelled to the government. No politician or government official benefited personally

as part of sweeping measures intended to increase supplies

for domestic consumption and put an end to speculators' efforts to raise beef prices. It has also removed all restric-tions on imports of beef, pork

and fish until December 1987.

With retail prices frozen since March and more money

risen 30 per cent at a time when cattle are normally out to pasture fattening up. Imports

of 250,000 tonnes of frozen mest from the US and Europe

over the last month have

over the dast month have failed to shorten queues at supermarkets and butchers' shops. Customers have to wait two hours or more to buy a ration of 2 ib of beef, a staple

Norway plans

UK gas talks

gas, Reuter reports.

Norway's state oil company STATOIL, said it expects to be-gin talks with Britain next spring on sales of Norwegian

Mr Hakon Lavik for Statell said the talks would not begin

before the British Gas Corpora-tion is privatized later this year.

agreement to buy gas from the North Sea Sleipner field last

year, saying its own reserves had been boosted by new finds. But Mr Layik said the UK

would still suffer a shortfall of

supplies in the 1990s and Nor-

way could now offer consider-ably more flexibility than during negotiations for the

Sleipner field, which had to be

Netherlands.

The gas will be piped to Zee-

Britain pulled out of an

of corruption by any politician or government official in the case, it should report to the anti-corruption agency," he

Dr Mahathir told the Umna assembly that the tin buying episode and the Bank Bumiputra Hong Kong loan affair were highlighted by the govern-ment's critics to undermine con-fidence and unity among the Malays. Other financial problems, such as the Pan-Electric Industries crisis. and the deposit-taking co-operative scan-day were ignored.

The tin episode would have been quietly covered up if not for the unorthodox methods of the Malaysian Government to recoup its losses by using the 2 ringitt company—Makusawa—to play the local stock market. —to play the local stock market.

The controversy began shortly after Dr Mahathir had taken over as prime minister. He has been known to be a strong critic of the marketing systems for Malaysia's commodities, particularly the control by consumers of the various commodity exchanges in main world capitals.

In early 1982, when brokers on the LME began selling short, the Malaysian government decided to teach them a lesson.

for slaughter claim that the government-controlled price after four months of worsening does not cover their costs. To provide some relief, the government action came shortages, with substitutes for provide some relief, the government action came after four months of worsening shortages, with substitutes for provide some relief, the government action came after four months of worsening shortages, with substitutes for provide some relief, the government action came

saughter houses to pay cattle men 12 per cent more.

Initial reactions from prices. The Minister of Agriculture warned ranchers that the increase is still too small. This week's action followed recent government action against illegal surcharges with a conference of the surprise surprise of the surprise surprise of the surprise surpri

charges which resulted in beef becoming even scarcer.

To counter speculation, the government also took the unprecedented step of suspending to the tough talk and new measures, domestic supplies are not expected to meet demand before December,

recedented step of suspending when cattle are normally ready commodities exchange while for slaughter. Brazil's ports the central bank investigated are clogged as a result of chaims of price manipulation, stevedores' strikes and influence contracts were being adequate facilities for efficient quoted at three times current unloading of frozen meat,

THE Swiss electorate will vote The federal council (Cabinet)

this weekend on whether the is interested in boosting Switzer-country's beet farmers should be land's self-sufficiency in sugar,

encouraged to expand their as well as encouraging farmers acreage at the expense of to cut back milk production in

well. Chicken exports under contract may also be suspended

In spite of the tough talk

favour of beet.
At the same time, the

government intends to reduce the subsidies it pays to counter the higher production costs in Switzerland, while increasing

levies on imported sugar from SFr 17 to a maximum of SFr 33 per 100 kilos with the right in

exceptional cases to raise these levies by up to 50 per cent. Migros and other consumer

representatives object to the anticipated increase in the sugar price. Apart from high

production costs in Switzerland, they say import duties would

at least double the frontier price of foreign sugar,

At present, Swiss sugar, At present, Swiss sugar production is running at between 120,000 and 130,000 tonnes a year. Approximately 8,600 farms and smallholdings in Switzerland are engaged in growing

ment is proposing to eliminate VAT on prices paid for car-cases, effectively allowing

Swiss to vote on

BY JOHN WICKS IN ZURICH

Migros, the leading retail co-

operative, is backing a referen-dum proposal against a parlia-

mentary move to expand domestic sugar production.

of Swiss needs, as compared

with some 45 per cent at pre-sent. To this end, the sugar refineries in Aarberg and Frauenfeld would be obliged to

accept 1m tonnes of beet annually at a guaranteed price

sold as a whole.

Norway has now agreed to develop the big Troll and Sleipner fields in a sales agreed to Government estimates, this to Government estimates, this

sleipner fields in a sales agreed ment with a consortium of buyers from West Germany, would lead to an expansion of beet acreage from 15,000 to almost 18,000 hectares.

The gas will be piped to Zee-brugge in Belgium, and a separate link to Britain would be possible, Mr Lavik added.

The so-called sugar decree, which goes back to a majority decision in parliament in 1983, is supported by the Government.

This is intended to be raised gradually to cover 55 per cent

sugar beet expansion

THE MALAYSIAN Govern- or the EPF-Makuwasa deal, he modity trader, believed to have "If the DAP has any proof out a plan to corner the tin market. The Malaysian authorities did not realise that this consultant had earlier tried un-successfully to sell the idea to

the Indonesian government.
"To stabilise prices, the government, through a registered broker on the LME bought forward in from LME members. It's true the government cannot enter the market, but LME traders were speculating and depressing tin prices, causing great losses to us," Dr Mahathir

As settlement day approached As settlement day approached brokers found they had no tin to deliver. This created a crisis on the LME, with traders facing the prospect of default.

At that time, the premium for cash over three months metal, known as backwardstion, had exceeded £1,000 per tonne. However, the LME intervened and imposed a maximum premium of £120 per tonne for immediate delivery.

mium of £120 per tonne for immediate delivery.

Tin prices subsequently fell sharply, leaving the Malaysian authorities with massive losses. To this day, Dr Mahathir is bitter towards the LME, particularly after last October's crisis when the International Tin Council's buerstock manager ran out of money to support prices, and the market col-



Dr Mahathir Mohamad:

alleged that money from a government-managed pension fund was being invested foolishly in speculative stocks, and shares were transferred in an unusual manner to the Makuwasa company.

Makitwasa company.

Dr Mahathir clearly hopes that his lengthy explanation will help to clear the air about the tin buying operation. This is one of a number of occasions, since he led his Unmodominated.

grain imports to private com-panies and the remainder to

But the government, reversing previous assurances, has allowed EPAC to bid at auctions for a share of the 20

per cent of imports intended for private companies. The state enterprise, in addition to its 80 per cent share of the total market, has already won contracts to import half of the 180,000 tonnes so far awarded at auction.

Another bumper

UK harvest seen

THIS YEAR'S UK cereal har-

vest could be the second largest on record, in spite of

the variable weather over the past few weeks, according to

a preliminary estimate pub-lished yesterday by the

Ministry of Agriculture.

It said yield figures compiled in early September point to a total UK harvest of 25m tonnes, compared with last year's 22.5m tonnes and the all-time record of 28.6m

tonnes achieved in 1984. Oil-

sed rape production could be a record 939,069 tonnes, it added.

However, the National Far-

nowever, the National Far-mers' Union disputed the Ministry figure. Its own sur-vey showed lower yields and a total cereal crop of around

Las' year, the Ministry's initial harvest estimate turned out to be on the high side.

This year, it puts wheat yields at 7 tonnes per hectare, while the NFU estimates them at

By Andrew Gowers

Malaysia the mystery buyer

he the recent strength of the LME prices supplied by Ama'gamated Metal Trading.

ALUMINIUM

	Unofficial + or close (p.m.) - £ per tonne	High/Low
Cash Smonths	828-50 +1 905-5,5 +0.75	828/828 805,5/803
Official (831-2); settlement 805-08. To	closing (sm): C three months 804-5 t 828 (832), Final K umover: 16025 tonne	eah 827-8 (806.5-9); serb Close: is.

	,		
COPPE	R	_	_
Grade A	Unoffic'l close	+ or	High/Low
Cash months	934-5 955-5.5	+5.5 +6.5	923/923· 956/942
Official clo (924-4.5); th 1.5); settlem	sing (am ree mont ent 923.): Ca: ths 94 5 (82	sh 922.6-35 14-45 (944- 4.5). Final

Gold rose \$6°, an ounce from Wednesday's close in the London bullion market yesterday to finish at \$415°, \$420. The metal opened at \$416°, and traded between a low of \$415°, \$416 and a high truched at the close. Trading was mostly quier with attempte to eachlish a trend meeting with fittle interest. The higher close was mainly a reflection of a firmer trend in New York. GOLD BULLION (fine ounce) Sept. 17

Cices 541912 420 (£28514-2853a)
Opening... \$416-41612 (£281-26112)
M'n'g fix. \$415.70 (£281.354)
Aft'n'n fix \$417.85 (£284,833 GOLD AND PLATINUM COINS Krg'rind... \$415.417

14 Krug.... \$2303,.222

14 Krug.... \$112-115

1/10 Krug... \$451.451

Mapfelest \$4501.4551

Angel.... \$425.42

1/16 Angel \$44.49

New Sov... \$1021.-104

\$20 Eagle \$470.530

Noble Plat \$5783, 5893, (£3619-3-1501; (£149-1501; (£76-751;) (£363-311;) (£292-2941;) (£297-359) (£293-331;) (£694-703; (£694-703; (£319-3523; (£3923;-4001;

SILVER

Silver was fixed 3.05p an conce lower for apot delivery in the London buillion market yesterday at 330.3p. US cant equivalents of the fixing levels were: apot 576.8c, down 4.2c; threamonth 532.05c, down 4.7c; and 12-month 532.05c, down 4.7c; and 12-month 582.05c, down 4.7c; and 12-month 583.05c, down 4.7c; and 12-month 583.05c, down 4.7c; and closed at 339-330-39 (576-578c) and closed at 339-330-39 (581-553c).

SILVER Buillon + or L.M.E. + or p.m. troy oz Price Unofficial LB46-Turnover: 1 (7) lots of 10,000

oz.
Three months high/low 398.5, final kerb 400-2p. MEAT

LIVE	CATTL	E_	LIVE	PIQ8
Month	Yiday's close	+ or	Y/day's	+or
Sept Oot Nov Feb Apr	95,50 97,50 99,50 100,00	+0.50	104,80 105,80 98,50 99,50	1111

-1.58). Cattle spice: Nil (nil) lots of 5,000 kg. Figs selee: Nil (nil) lots of 3,250 kg.

INDICES REUTERS Sept 17 Sept 16 Milh ago Year ago

1514.8 1508.7 1489.6 1726.6 DOW JONES Dow Sept Sept M'th Year Jones 17 16 ago ago Spot 122.88 121.99. — .114.49 Fut 125.29 184.84. — .114.03

MAIN PRICE CHANGES

In tennes un	less other	wise :	tsted.
METALS	Sept. 15 1986		Aonth ago
Auminium Free Market Copper	_\$1580;5E0	 5	\$1250/260
Cash GradeA	2954.5 CORR 95	+6.6 +6.5 +6.125	2604 36
Gold Troy oz Lead Cash 3 mths	2882.76	-1.5	2269 2269,62
Nickel	.48144.00	+0.5	172/182c \$133.00 \$566.00
Quicksilveri Silver troy oz 3 mths	. 3125/185 . 390,30p		\$140/158
Tin	£8768/796	+10	£3670.90 £55.65
Wolfram \$2.00. Zinc	\$35/45 £593.5	-3.5	\$40,48 £557.5
producers	5920		5840
Coconut (Phil) Paim Maisyan	\$245w \$205y		\$215 - \$195

October | 186.5-184.0 | + 0.85 183.0 |
Dec. | 186.5-184.0 | + 0.85 183.0 |
Peb. | 181.7-182.2 | + 1.70 132.0-151.0 |
April | 185.0-184.0 | + 2.56 |
June | 185.0-184.0 | + 2.56 |
August | 181.0-182.0 | + 0.59 |
October | 181.0-184.0 | + 1.80 |

Sales: 341 (375) lots of 20

Whest found renewed consumer support, steaded throughout the day and found further speculative buying on Ministry of Agriculture crop figures before easing on shipper seiling. Barley remained firm throughout the day, reflecting good shipper support in response to large restitution authoriteation, reports T. G. Roddick. BARLEY

WHEAT est'rdy's-+ or Close : — + 1.10 107.85 +1.78 +0.70 108.30 +1.90 +0.85 111.15 +1.95 +0.85 113.80 +0.88 +1.96 114.70 +0.88

Business done—Wheat: Sept 106.60 8.00, Nov 107.10-8.50, Jan 110.00-9.40, March 112.35-1.30, May 115.10-4.80, July untraded. Seles: 636 lots of 100 tonnes. Barley: Sept 107.57.25, Nov 108.30-7.70, Jen 111.15-10.70, March 113.30-2.60, May 114.70, Sales: 315 lots of 100 tonnes.

LONDOW GRAINS—Wheat: US Dark Northern Spring No. 1, 15 per cent: Oct 98.50, Nov 98.25, US No. 2 Soft Red Winter: Oct 95.75, Nov 98.25, French 117-12 per cent: Sept 130.00. Englisk Seed, fob: Jen/March 115.00 paid East Coast, Sept 110.50 buyer, Oct 110.50-117.00, Oct/Dec 112.00 seller. Jen/March 115.00 buyer, April-June 119.00 sellers. Malze: US No. 3 Yellow/French, transhipment East Coast: Sept 154.00 Barley: English feed, fob: Oct/Dec 114.00 paid East Coast, Sept 110.00 buyer, Oct 112.50 buyer/sellers. Oct/Dec 113.00 buyer, Jan/March 116.00-118.50 buyer/sellers. Oct/Dec 113.00 buyer, Jan/March 116.00-118.70 buyer/sellers. Oct/Dec 113.00 buyer buyer/sellers.

PHYSICALS—Closing prices (buyers): Spot 85.00p (asms); Oct 84.50p (asms). The Kuala Lumpur fob price (Melayatan cents a kito): RSS No 1 230.0 (229.0) and SMR 205.0 (203.5). PLITURES—Index 637, Oct 640-645, Oct/Dec 643-648, Jan/March 654-559, April/June 665-671, July/Sept 668-573. Sales: Nil.

POTATOES

Keen buying interest on the open-ing, tollowing overnight frozes and reflecting continuing uncertainty over

US MARKETS COFFEE FUTURES ended a

choppy session only margin-ally higher on the day at 210c per pound, with initial gains being taken back by 4c before the market found support at 208.50c in the leading December position, reports Heinold. Onlookers noted some dollar-related trade bargain support, whilst light commission house profit-taking was thought to be the restrictive factor on the up-side as the market balked at the resistance levels around 214c seen on Wednesday. Traders, seemed to ignore Traders seemed to ignore totally overnight reports of light rainfall in some Brazilian coffee growing areas. Gold also firmed on dollar weakness adding nearly \$4 to December values to end at \$422.6 per ounce, although many observers noted the reluctance of the market to advance beyond \$425. Cotton futures extended their recent technically-based rebound to the upside, booking a limit-up movement to leave the market at 43.16 per pound in the December position.

NEW YORK

COCOA 10 tonnes, \$/tone " C " 37,500 lb, cents/lb High 61.90 62.06 62.55 61.45 62.05 62.00

GRAINS

RUBBER

metal demander of the process of the

April opening £2.80 up. Further short-covering and stop-loss buying rapidly pushed values through £180,00 and in good volume gains of over £8 were registered by mid-day. Profit-taking trimmed values, but once this was completed selling interest evaporated and as the session wors on buyers returned, levels rose and although the market did not close on the high, the tone was steady, reports Coley and Herper.

Yesterdays Previous Busines done | Closs | Closs | Closs | Constant | Closs | C

In a very thin crude oil merket traders acught exchanges between months rather then outright sales or purchasse. Absolute price levels firmed slightly to bring November Brent to Just over \$1.4. December Brent to commanded a 5-10c premium over November and November a 30-35c premium over October. October WTI opened 25c up on Nymex and firmed by a further 12c by 1.30 EDT. In the petroleum products merket gasoline fell further on good availability and lack of buyers. Nephthe talk stabilised in a nervous market. Ges oil prices were influenced by firmer crude and futures markets to close up \$2. Fuel oil was quiet—Petroleum Argus, London.

Latest Hor-Arab Light
Arab Heavy
Dubel
11
Brent Blend
12
W.T.J. (1pm est)
17
Forgados (Nigeria)
Urais (cif NWE)

GAS OIL FUTURES

US # - 125,05.56.80 - 127,00.24,50 -0.50 150,50.26,06 -1.25 155,00.51,00 -2.00 151,75 -3,50

Turnover: 3,326 (3,408) lots of 100

Tea plant modernisation

Two Sri Lankan state plantation corporations, the SPC and the JEDB, the largest owners of the country's tea estates, will reequip 100 estate factories to produce the popular CTC (cut. tear and curl) teas to regain markets lost to Kenya and India, Mervyn de Silva reports from

Oct 188.6 188.8 188.2 188.4 188.6 181.0 181.6 181.8 181.8 181.0 181.0 181.6 181.8 181.8 181.0 181.0 181.0 181.6 181.8 181.8 181.0 181.0 181.6 18

Sales: 5,712 (2,437) fors of 50 tonnes. Tate & Lyle delivery price for granulated basis sugar was £181.00 (£186.00) a tonne for export. International Sugar Agreement—(US cents per pound fob and stowed Caribbean ports.) Prices for September 17: Daily price 4.68 (4.79): 15-dey average 4.69 (4.73), PARIS—(FFr per tonne): Dec 1125/1135, March 1180/1190, Aug 1215/1225, Oct 1245/1235, Dec 1275/1295.

FREIGHT FUTURES

Oct. 813/814 814/804 Jan. 809.5/810 810/800 April 260/875 853.5/845 760/770 765/750 Oct. 850/875 — 850/875 — July 850/870 — 925/855 — July 850/870 — BFL 753.5

Turngver: 118 (142).

Gulf/Japan was fixed at \$12.25 and this gave confidence to buyers, reports Clarkson Wolff.

Close | High/Low | Prev.

Close | High/Low | Prev.

Tankers

Sep. | 1045/1085 | 1050 | 1100/1160

Oct. | 1080/1800 | 1165/1840

Nov. | 1246/1960 | 1250

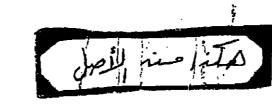
Dec. | 1200/1840 | 1180/1870

Mar. | 1140/1160 | 1250

June. | 1050 | 1250

BTI. | 1050 | 1076

801/803 796/799 840/841 743/750 850/885 841/871 925/945 880/870 756,0



Close Migh 56.42 57.40 55.77 56.65 54.35 55.07 48.97 49.80 50.45 51.15 50.07 50.50 48.40 48.62 44.50 44.57 44.80 prices, and the market col-lapsed. Mr Lim Kit Siang, the oppo-sition leader in parliament, It was convinced by the arguments of an American comated coalition government to a landslide victory in recent elec-tions, where he has come clean on past mistakes and sought to ‡ Unqueted. † Per 75-ib flask. c Cent a gound, x Oct. • Cotton outlook r Nov. x Sept-Oct. w Oct-Nov. INDONSTIA, one of the world's leading tin producers, is mining tin at a profit for the first time in 10 months, Mr Timalu. Sujatniko, director of P. T. Tambang Timah, the state-owned tin company, claimed yesterday, writes John Murray-Brown from Jakarta. Indonesia is continuing to play a maverick role in tin. While producers elsewhere are shutting mines and making huge lay-offs, Indonesia is set to increase production by more than 20 per cent this year to 27,600 tonnes, with no redundancies, Mr Sujatmiko said. The industry has a workforce of dissociate himself from contro versial businessmen who had given him a bad image. Malaysian Government approval for the Kuala Lumpur Tin Market to trade Indonesian and Thai tin is expected soon, Reuters reports from Kuala Close High Cott File Cott Mr Sujatmike said. The industry has a workforce of 30,000, and it accounts for 30 per cent of Indonesia's non-oil and gas expert revenues. Thailand has granted corporate and personal income tax exemption for profits derived from tin trading, in order to encourage domestic tin demand which could heln lift urices. This follows the govern-ment's recent 45 per cent devaluation of the rupish, which Mr Sujatmiko described Lumpur. A KL/TM report on revamping the market has been submitted to the Primary Industries Ministry for consideration, and the ministry is likely to approve rule changes within a few weeks so that trading in non-Malaysian tin could begin by November soverment and Official closing (am): Cash 898.5-9 (902-2.5); three months 919-20 (922-3); sattlement 899 (902.5). US Producer prices 63.5/67 cents per pound. Total 1580-1532 —14.9 1548-1518 1570-1571 —4.8 1573-1559 1613-1614 —5.8 1514-1509 1633-1534 —5.1 1655-1646 16560-1652 —2.8 1655-1646 1656-1670 +1.8 1684-1857 16561-1682 +5.8 1882-1671 as "very positive and timely." World prices have fallen over the last 10 months from \$12,000 a toune to \$5,500, following the collapse of the International Tin Council's Sales: 3,684 (2,743) lots of 10 tonnes, ICCO indicator prices (US cents per pound). Dally price for September 18: 101.55 (102.16); five-day average for September 19: 103.03 (102.87). November, government industry officials said. from the tin buying operation 278.5-9.5 -- 2.25 279/278 16289.5-5 -- 1.5 284/289 Official closing (em): Cesh 277-8 (282-3); three months 281-2 (284.4.5); settlement 278 (283). Final Karb Close; 281-2. Tunover: 3500 tonnes. US Spot: 23/24 cents per paund. Strike threat to Australian coal **Portuguese** The market performed in a very similer manner to Wednesday, reports Dresel Burnham Lambert. After filling an overnlight gap, commission buying pushed levels back to recent highs. Trede selling was evident and essily absorbed the buying.-Profit-taking than slowly drove levels lower, which closed about unchanged on the day. CRUDE OIL (LIGHT) 42,000 US gallons, \$/bs government BY RICHARD HUBBARD IN CANBERRA **NICKEL** AUSTRALIAN coal exporters panies believes the government underground mines being made Unofficial + or close (p.m.) - HighiLow in grain uncompetitive as a result of price-cutting by lower-cost open-cast mines. Mr John Maitland, the are expected to vie more aggressively for access to Euro-pean markets following the liftchanges are only a small move towards freeing the industry and has accused the union of SOYABEAN OIL 60,000 lbs, cents/lbs import row ing of restrictions on sales by Mr John Maitland, the the federal government, but Miners Federation president, Mr Hawke said on Wednes-day that prior approval of 2440-2444+7.5 2466-2457+3.5 2410-2416-2 2340-254-2.5 2320-254-10.0 2320-254-7.5 2320-254-7.5 their efforts may be thwarted said yesterday the government's by mining unions. In a bid to improve the comsales could lead to closure of Official closing (am): Cash (2485-95): three months 2510-5 PORTUGUESE cereal export sales was no longer necessary. The government still retained the right to veto any US gailone, centra/US gastlone Latest High Low Prev 40.25 40.70 39.80 39.57 41.60 41.85 41.05 40.67 42.76 43.00 42.10 41.05 43.80 43.85 42.80 42.51 43.80 43.85 42.80 42.51 43.80 43.80 43.80 39.10 42.67 41.40 41.40 41.06 40.45 38.83 39.80 39.83 39.93 38.85 38.10 38.00 37.30 S8.00 38.00 38.00 37.30 porters have accused the government of subverting an EEC-stipulated liberalisation underground operations which could not compete with the petitiveness of the Australian coal industry in an already over-TIN supplied market, the govern-ment has relaxed controls over cheaper open-cast mines. Mr Maitland, is seeking a KUALA LUMPUR TIN MARKET: Close 14.18 (14.10) ringgit per kg. Up 0.8 ringgit per kg. Sales: 5,594 (7.081) lots of 5 tonnes. ICO indicator prices (US cents per pound) for September 17: Comp. daily 1979 164.46 (183.39); 18-day average 178.81 (178.00). of a state marketing monopoly by allowing the public grain enterprise to bid to the national interest. meeting with Mr Bob Hawke, Australia's Prime Minister, to exporters to enable them to negotiate sales outside the WHEAT 5,000 bu min, cents/60th-bushel The move is of smal Isignifidiscuss the changes to price cance because the government control, and has threatened to has rarely refused approval to call disruptive meetings of its a negotiated export sale on coal, Close High 258.2 259.0 258.4 260.0 253.4 240.4 231.0 232.4 231.0 --for the share of imports specifically allotted to the ZINC Ciode High Lew Prov Sept 258.2 259.0 255.4 259.4 Dec 258.4 260.0 257.6 269.7, March 253.4 254.6 262.4 256.2 May 239.4 240.4 238.6 240.0 July 231.0 232.4 230.6 732.0 Sept 231.0 — 233.4 SPOT PRICES — Chicago loose lard 14.00 (13.50) cents per gound. Hardy and Harman silver buillon 578.5 (571.5) cents per troy ounce. xisting restrictive price frame-SOYABEAN MEAL But the 30,000 strong Miners Unofficial + or close (p.m.) - H private sector. ORANGE JUICE 15,000 lb, cents/lb because of the importance of the industry to Australia's Prices firmed on early commercial wying and remained steady. Specula-tive short-covering an consumer buy-ng were also features, reports Federation is threatening to members next week. because of the importance strike action, fearful of the prospect of labour-intensive tion representing mining combalance of payments. Cereal producers, importers and industrial consumers who are behind the protest, said yesterday that the European Commission had warned the government that the admission of EPAC the state grain Nigh Low Prev 105.00 103.75 103.85 107.90 106.80 106.95 108.90 108.90 107.40 — 108.90 108.90 — 108.75 Close 106.00 106.80 107.75 108.40 108.70 109.60 Cash 5934 -3.5 595/594 3 months 695-5.5 -4.25 598/590 Official closing (am): Cash 592.5-3.5 (597-8): three months 995.5-6 (599-9.5); settlement 593.5 (598). Final Karb Close: 592.3. Turnovar: 7800 tonnes. US Prime Western: 44/47.5 cents per Brazil suspends beef exports sion of EPAC, the state grain marketing and distribution monopoly, to suctions for private sector import quotas violated the terms of Portu-SUGAR BY ANN CHARTERS IN SAO PAULO LONDON DAILY PRICE—Raw sugar \$118.00 (280.00), down \$5.50 (down £4.50) a tonne for October-November delivery. White sugar \$173.00, down \$3.50. GOLD THE BRAZILIAN Government has suspended all beef exports Ranches with cattle ready prices for delivery in 12 months. violated the terms of Portugal's EEC membership and the Treaty of Rome. Portugal, which imports 89 per cent of its grain, has agreed to phase out the state monopoly in 20 per cent steps ever the next five years. This year the government has allotted 20 per cent of the country's expected 2.4m townership imports to private company in the country's expected 2.4m townership imports to private company in the country's expected 2.4m townership imports to private company in the country's expected 2.4m townership imports to private company in the country's expected 2.4m townership imports to private company in the country's expected 2.4m townership imports to private company in the country in t

Financial Times Friday September 19 1986

CURRENCIES, MONEY and CAPITAL MARKETS

The D-Mark continued to be in demand in Frankfurt yester-day and this pushed the dollar below the DM 2.00 level for the

first time in five and a half years. Trading was particularly busy in the afternoon as US markets

DM 1.9910 down from DM 2,0325.

range against the dollar in 1988 is 202.70 to 152.15. August average 154.15. Exchange rate

CURRENCY MOVEMENTS

CURRENCY RATES

OTHER CURRENCIES

FOREIGN EXCHANGES

Dollar and pound very weak

STERLING FELL to its lowest level ever in currency markets yesterday as traders moved out of the dollar and sterling and into the D-mark and yen. Comments by various officials set the tone for a weaker dollar, and sterling tended to fall in kine, reflecting a total leak of the land of the level of the l Lutest Prev. close Swiss franc at SFr 1.61 from SFr 1.6995. On Bank of Eng-land figures, the dollar's ex-change rate index fell from 110.2 to 109.1 its worst level since

reflecting a total lack of confidence.

Sarly trading saw the dollar fall below the DM 2.02 support lavel after comments by Mr Manuel Johnson, US Federal Reserve Board vice chairman, that a cut in US interest rates could not be ruled out.

In addition West Garman and Japanese officials were quick to underline their determination not to cut their rates for purely external reasons. This supparent war of words claimed its first casualty very quickly as the dollar fell through DM 2.02 in the morning Around noon it was snely poised at DM 2.002 ahead of US markets joining in and renewed selling soon after pushed the US unkt quickly through DM 2.00 to a low of DM 1.9840. Rumours of financial truble at BankAmerica continued, despite denials by the bank, and this further undermined confidence.

The dollar chosed at DM 1.9900 renewed selling soon after pushed the US unit quickly through DM 2.00 to a lew of moved into the D.Mark. It found, despite denials by the bank, and this further undermined confidence.

The dollar closed at DM 1.9900 down from DM 2.0275. This was its lowest level since January 1981. Against the yen it sloped 1982 against the French franc to FFr 6.52 from FFr 6.5450 and a spainst the dellar in 1986 is

POUND SPOT-FORWARD AGAINST POUND

DOLLAR SPOT-FORWARD AGAINST DOLLAR

EXCHANGE CROSS BATES Sep. 36 | 8 | 5 | DM | VEN | FFr. | SFr. | H FL | Lips | GS | B.Fr. 1.477 2.820 286.0 2.605 2.870 5.518 2025 2.641 60.75 1. 1.900 165.2 6.581 1.610 2.865 1376. 1.896 41.86 2 1. 1.476 | 1.990 | 145.5 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1.586 | 1

1 Three Six One 101₉-104₈ 101₉-101₈ 101₈-105₈ 51₈-5 61₈-51₈ 51₉-5 61₈-51₈ 51₉-5 61₉-51₈ 51₉-51₉ 51₉ 915-934 578-6 -778-81e 514-53e 114-13e 414-45e 718-714 919-1034 01a-10 5-51a 8-1-8-1-8 5-1-9-1-8 41a-41a 4-1-4-1-74 74-74-101a 719-776 7-714 5-6-519 919-10 6-619 71e-75e 7-71e 4-541; 97e-104e 6-61e 71e-75e 71 71a-75a 71a-75a 55a-57a 91a-10 5/a-51a 71g-75e 67g-73g 51g-514 87g-94g 6-61g 519-714 54-714 411-415 65-919 6-514 B.Fr.(Fin) B.Fr.(Con) ... Yen D. Krone... Asian 5 (309)

Long-term Eurodolers: two years $\mathcal{B}_2 \mathcal{P}_{2k}$ per cent; three years $\mathcal{P}_2 \mathcal{P}_2$ per cent four years $\mathcal{P}_3 \mathcal{P}_4$ ger cent five years $\mathcal{P}_4 \mathcal{P}_4$ per cent nominal. Short-term rates as call for US dollars and Japanese year; others two days' notice. MONEY MARKETS

FU "

FINANCIAL FUTURES

Gilts fall sharply

LONG TERM gilt futures suffered from heavy liquidation on the London International Financial Futures Exchange yes-terday, Traders were nervous at the fall of the pound's exchange rate index to a record low and the continued decline against the D-Mark. Dealers were concerned about a possible currency crisis,

ائيا11 61-42

79.5 70.4

70.4

70.3

士1.6388 士1.6403 士1.1127 士1.3668 ±1.5069 士1.6683 士4.0734

STERLING INDEX

10.00 am 79.1

2.00 pm 69.7 3,00 pm 69.2

4.00 pm 99.4

EMS EUROPEAN CURRENCY UNIT RATES

43.3481 7.92490 2.09248 8.86377 2.36304 0.782965 4446.05

Changes are for Ecu, therefore positive change denotes a west, currency. Adjustment calculated by Figureda Times.

43.1139 7.91701 2.11083 8.87316 2.37833 0,764878 1476.95

Beigien Franc Daglab Kone German D-mark French Franc French Franc Irish Punt Italian Line

CHICAGO

and commented that it was hard to see how the market was going to dig itself out of the mire.

December long term gilts opened quite steady at 114-05, and rose to a high of 114-15, as dealers suspected a squeeze on bear positions by jobbers. But then the weakness of the pound led to a sharp fall in the cash

and futures market, taking the contract down to a low of 111-15, before it closed at 111-14, compared with 114-10 on Wednesday. Traders remained extremely nervous after the market closed

Dec Mar 19.80 19.80 7.70 8,35 0 4.40 540 1.05 1.95 0.55 1.50 0.70 1.50 nt. Cells 2,357. Pyris—Last
Mov Dec Mar
— 1.50 2.20
1.05 1.70 3.85
2.70 3.80 5.80
5.85 6.70 8.85
9.55 10.40 12.50
— 14.90 12.30
1,869 FINANCIAL TIMES

IS PROPOSING TO PUBLISH A SURVEY ON

MERSEYSIDE

Publication date: November 17th 1986 Copy date: November 3rd 1986

The major trends The politics of Merseyside Inner city policies Merseyside's big employers Merseyside's successes The port and the freeport Tourism—is this the future? Barrage across the Mersey Wavertree Technology Park The Albert Dock Project

For a detailed editorial synopsis, please contact: Brian Heron Financial Times, Queen's House

Queen Street, Manchester M2 5HT Tel: 061-834 9381 Telex: 666813

FUROPE'S BUSINESS NEWSPAPER

The content, size and publication dates of Surveys in the Financial Times are subject to change at the discretion of the Editor

SWORLD VALUE OF THE DOLLAR

The table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday, September 17, 1986. The exchange rates list are middle rates between larging and salling rates as quoted between banks, seless otherwise indicated. All currencies are quoted in foreign currency and per one U.S. dollar except in cortain specified argae. All rates quoted are indicative. They are not inneed on, and are not intended to be used as a basis for particular transactions.

Bank of America NT & SA nor the Financial Time.

Bank of America, Economics Dept., London Eurodolfar Libor as of September 17, at 11.00 a.m. 3 months: $6\frac{1}{16}$ 6 months: 6^1

ECU=\$U\$1.0285 SDR1=\$U\$1.2098 Sibor as of September 17, at 11.00 a.m. 3 months: 6¹g 6 months; 6¹g

CURRENCY

ł		DOLLAR	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	PULLAK		- DULLOUN
i	African Africa (a)	50.60	Greece Dructura	195.65	Paper New Suince	0.9794
ł	Afghanister Alghani (c)	6,8475	Greenland Danish 10 yes	7.72	(former) to a	240.00
1	Alteria Lek Alteria	463	Grenada E. Carttone S	270	Paragray	597.50
ł	French Franc	6673	*Gradalospe Franc	6,678	B	13.95
1	Anioria Special Panels	194.55	Genera	1.00	Philloplace	20.52
ı	Appole	194,55 29,918	Control (d)	700	Pitcaim Islands N.Z. Dellar	2 1022
1	Antique E. Carbbeat S	1 2.70	Guptanale	2,925	(1700EE	200.00
ı	Argentine Austral (5)	1053	Cutana Biccan Peso	170.479	Pertugal Escado	746.80
ł	Aruba	1.50	Gathes Republic	340.00 300.00	Puerto Rico	1.00
1	Australia	1,6051	Consist strength strength [Lies: (2)	300.00	Center	3641
ı		14,32	Garyana Dollar	4,3807	Reselon Isle de la French Fryste	6.673
ı	Azores — Portuguese Escade	146.80	Heiti	5.60	.	4.33
1	Balancias Dollar	1.00	Handwar Damakin. 4	2.00	LEAGUE TO THE CO	10.67
Į	Bahcais	0.3769	Hondures Republic (Lempire (6)	2.00	Remarks	84,9975
ì	Ratesoft Islands Spenish Penns	134.55	Hopg Kong Dollar	7,804		
1	Resolution	30.90	Heagary Forlat	43.60	St. Christopher E. Caribbean \$ St. Helena	2.70
	- Carbades Dollar	20113		40.77	St. Lucia E. Caribbage \$	1,475 2,70
	Raining (c)	42.51	iceland Kroma	1271	St. Pierra	6673
	Urgan (D)	42.94	ladia Rupos Sadonesia Rupiah (7) Eran Ripiah (0)	1644.00	St. Vincest E. Caritinen \$	2002
	Belize Dober -	200	Sections in	76.2928	Sames (Western) Tale	270 2291 100
	Bests C.F.A. Franc	353.65	tres Risi (s)	0.3309	Samos (Westerd)	ไร้ด้า
	Bereich Dellar	100 1271	tres	1.3474	San Marino	1405.00
	Shates Ngultrus	12/1	torani umumumumum New Shelmi	1.486	São Tomé & Principe DR Dobra	37.4025
	Bolivia (a)	1912000.00 1925000.00	irish Republic	2405.50	Sand Arable	3.751
		1,9331	• ·		Seperal C.F.A. Franc	333.65
,	Brazil Pala Brazil Cruzado (a)	13.84	despuice	5.48 155.60	Seychelles	5,9799
•		2167	Jorden Yen	02502	Sierra Leone Leone	28.50
	Brussi	0.926		0.5205	Slesspore	2,167
	l Birding Com. PRA Base	333.65	KampotheaRiel	22.	Solomou Islands Dollar	1.8165
	Burnel	7,0329	Kerrie Sheller	15,8744	Somet Republic Skilling	36.00
	Bernel Franc	101.42	(Gribati Australian Dollar	1.6051	South Africa	4.4643 2.2936
		333.45	Kores (North) Wes	0.94	Licens (C	2.2956
	Canada Dollar	1,3903	Koree (Scath) Woo	879.10	Spain Peseta	134.55
	Country Islands Spanish Pesets	134.55	Kynneit Diner	0.2931	Spanish ports in North Africa	134.55
	Cane Yords Islands Excuse	89.2698	Lags Piles D Rep IGP	35.00		28.295
•	Constant Islands Dollar	0.895	Lebesco Ported	43.85	Sri Lanica	2.45
	Cape Verdo Islands Escudo Capagos Islands	333.65	LCSCOD RCSCO	2.2936	Sudan Republic	293
	Chad C.F.A. Franc	333.65	Liberty Dollar	1.00_	Pound (f)	400
	(c) Peco (c)	194.75	Libya	0.3179 1.646	Surfacet Gelider	1785
	China	3.704		1.040 42.51	Guaziand Libeged	2.2936
	Celerbia Peso (o)	203.30	Licenboury Lineabourg Princ		Sweden	6,898
	Comores	233,45 333,45	Macao	81125	Seriesriand Franc	1,646
	Congo People's Rep. of C.F.A. Franc	57.05	Marketine Page Rock - F1200	751.98	Strin Pecad (a)	3.925
	Coto Civeiro	353.65	Medelra Portuguese Españo	346.80	Tabuta	36.81
•	Cote d'Ivelra G.F.A. Franc	0.8679	lähimi Kaacki	1,981 2,625	Tarzenia Shilling	43.60
	Coto Pero	1,9573	Majoria	7.00	Thefland Bale	26.12
	Caechoolousida	3.65	Makine Islands	333.65	Togo Republic C.F.A. Frence	353.65
		7.72	Mail Republic	26525	Tonga isiaads	1,6051
	Depart	777.75	Halta	2,6025 6,673	Tongs remarkance rearys	2,409
•	Different Rep. of Franc	177.00 270	Marchicule Cresc	74.80	Trinidad & Tobago (Dollar Q)	3.60
	Deminica	238	Majaritania	13.18	Toukia	0.65
	Deministra Parablic (Peso 66)	2.88	HARRICAL TOPPER	742.50	Turkey Lim	701.61
	U-resp (de)	14550	Mexico	723.30	Turks & Calcos Istimás _ US \$	1.00
	Ecuações ————————————————————————————————————	150.50		1230 1473	Terate Assiration Dellar	1,6051
		0.70	Migratice France	6.673		
	Eppt Pound (a)	1 775	Moraço Freich Franç	33555	Ligands	1388.80
		1.55 2.50	Montagrat E, Caribbeat \$	270	United Arab Emirates Dirham	3.673
i	El Salvegior (Color Colon (d)	1 500		1.82	United Kingdom Pound Starling*	1,475
í	Equatorial Gaines C.F.A. Franc	223.45		39,958	Droguey Pesq (m)	163.75
ï	Ebiopia Bbr (o)	2,0644	, 		USSR Rouble	0.6803
•	France Islands Poulth Mars	7.72	Hamble S. A. Rand	2.29%	Vancate Vata	90,9232
	Feerce Islands	1.475	Andreita Indiae	7.6027	Valless Lies	1405.00
	Falldynt Islands ,	1173	NegalRupee	20.50	/	7.50
	Foliard	4.92	Nepal Rupos Rupos Splider	2.299	Venezuela	7.50
	Agentic dissimilation— Market	6.673	Netherlands Andlies Galider	7.80	Venezuela	20.11
	France Practice Pract	333.65	New Zealand Dollar	2.1022	Vietnam	11,7787
	French C'ty in Africa C.F.A. Francis	6,673	Cordoba (Cordoba	900.03	Virgin islands (British) US S Virgin islands (US) US S	1.00
,	French Galaxa	121.327	Michragus	7,500,00	Wrote Islands (US) BS 5	100
ı	Franch Pacific Islands G.F.P. Franc		Winer Recebile C.F.A. Fresc	333.65	N	
	Cation C.F.A. Franc	333.65	Monta	1.092	Yersen Risi	10.50
	Gandia Dates	7.58	Normany	7.309	Yemen PDR Diagr	0.343
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1	Chart	90.00	Paidstan	17.008	Zaerbia	5.5556
	Ederatian	1.475	Parama Balboa	3.00	Zimbabue Dollar	1.654
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	n.n. Net earthchie, (re)	Market mis and	S. dollars per National Corresty (SS). (a)	Preemarket ce	stral back. (n) Official rate, (b) Floating	Rate. (c)
			NATIONAL POLICE PROPERTY PROPERTY AND THE PROPERTY AND TH	· · · · · · · · · · · · · · · · · · ·		

London rates rise as pound falls

INTEREST RATES rose on the London money market yestanday as dealers became increasingly for forces and to 12 per cent for loans and to 12 per cent for loans and to 12 per cent for loans and to 12 per cent in its discount rate by a per cent for loans and to 12 per cent in its discount rate by a per cent for loans and to 12 in the afternoon. Total help given to the market was £427m.

Before lunch the authorities bought £378m bills outright, by way of £28m bank bills in band 3 at 91 per cent; £21m Treasury bills in band 4 at 91 per cent; £35m local authority bills in band 4 at 91 per cent; £35m local authority bills in band 4 at 91 per cent; £35m local authority bills in band 4 at 91 per cent.

In the afternoon the Bank of England purchased £49m bank bills in band 4 at 91 per cent.

Bills maturing in official hands, repsyment of late assistance and the same of the same of late assistance and the same of late assistance MONEY RATES

| SVIT-NIGT | NEORED | NEOREM

LONDON MONEY RATES Months Months | Part | 978-974 8-11 914-914 8-9

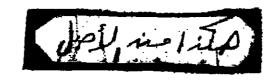
7,10 Treasury Bitls (sell): one month 8's per cent three months 3's per cent. Benk Bitls (sell): one month 9's per cent three months 3's per cent. Benk Bitls (sell): one month 9's per cent three months 9's per cent. Benk Bitls (sell): one month 9's per cent three months 9's per cent. Treasury Bitls; Average tender rate at discount 8.6257 psy cent. ECSD 18.800 Finance Scheme IV reference dage August 6 to September 2 (inclusive): 50 Pixade seven days food. Finance Houses Base Rate 10 per cent from September 1, 1965. Benk days fixed. Finance Houses Base Rate 10 per cent from September 1, 1965. Benk Opposit Rates for sums at seven days' notice 4.35-4.375 per cent. Certificates Of Tax Deposit (Series 6): Deposit 2100,000 and over held under one month of Tax Deposit (Series 6): Deposit 2100,000 and over held under con month 9's per cent; and the 10 per cent dise-12 months 10 per cent disease disease

44		Financial Times Friday September 19 1986
BRITISH FUNDS AMERICANS—Cont. 1986 Price + or Viets 1986 Stock E - Gross C'm Gr's "Shorts" (Lives up to Five Years) 376 276	LONDON SHARE SERVICE	1986 Sheek Price Het C'w Gr's PfE Het Low Sheek Price Het G'w Gr's PfE Het Low Sheek Price Het G'w Gr's PfE Het G'w Gr's PfE Het G'w Gr's PfE G'w Gr's PfE G'w Gr's PfE G'w G'w
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7)

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EUROPEAN OPTIONS EXCHANGE

ษาล้างด Fl.74 FL95.90

FL30.30

FL50.30 FL199.40

Account Dealing Dates

*First Declara- Last Account Dealings tions Dealings Day Sept 1 Sept 11 Sept 12 Sept 22 Sept 15 Sept 25 Sept 26 Oct 6 Sept 29 Oct 9 Oct 10 Oct 20 "New-time" dealings may take place from 9.30 am two business days

smitten by the pound's ailing performance in forex markets been constantly undermined since the start of the month, suffered a further blow as the exchange rate index went below 70. It later dropped suddenly to the lowest ever of 69.2 before

This letest adversity was too much for the Gilt-edged market which immediately began to ponder on possible stronger ponder on possible stronger official action. Foremost were fears of an increase, perhaps of one percentage point or more, in bank base rates. The UK authorities would, of course, be reluctant to take such a step but could be forced to if sterling remains under pressure.

remains under pressure.

Nervous selling brought a
tense late atmosphere and Gilt
prices abandoned attempts to
recover from earlier duliness.

Most traders, having recently
cut their book commitments,
tried to avoid taking stock on so tree to avoid taking stock on so the sales had an accumulative effect. Longer Gitts dropped over two points before steadying and the shorts also sustained beavy losses running to over a print. Index-linked were anable to escape and closed with falls of 1. index was 14.5 up but interest rate speculation then took hold an othe movement was reversed. Wall Street's firmer trend in the early business failed to sustain the market and the index retreated to close only 3.8 higher on balance at 1,614.2. The FT Ordinary share settled 4.4 better at 1279.6.

its Courage and associated businesses to Elders IXL for £1.4bn, a deal which put a renewed Elders' offer for Allied-Lyons out of court. Goldman Sachs' purchase of the bulk of the Philip Hill Investment Trust portfolio from Robert Maxwell's BPCC for 1270m.

EQUITY GROUPS

& SUB-SECTIONS

CAPITAL GOODS (212) Building Materials (26) ...

Mechanical Engineering (60) ... Metals and Metal Forming (7) ..

Metals and Metal Forming (7)— Motors (16)— Other Industrial Materials (22)— CONSUMER GROUP (183)— Brewers and Distillers (22)— Food Manufacturing (22)— Food Manufacturing (22)— Feed Retailing (15)— Health and Household Products Leisure (28)— Publishing & Printing (14)

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Publishing & Printing (14)
Publishing & Printing (14)
Packaging and Paper (15)
Stores (38)
Textiles (17)
Totaccas (2)

OTHER GROUPS (86). Chemicals (20)...

Miscellaneous (49) 49 INDUSTRIAL GROUP(483). 51 Oil & Gas (17)

67 Insurance (Brokers) 68 Merchant Banks (12) 69 Property (49) 70 Other Financial (24)

71 Investment i rus-81 Mining Finance (2)... Traders (1/ Overseas Traders (14)

1 Syears...

5 All stocks.

8 All stocks.

2 5-15 years _

3 Over 15 years...

FIXED INTEREST

13261

157.94

9 Patentrus & Laus ... 114.82 -6.53 |115.43

general and the second second

10 Preference 84.31 +6.22 84.12 -

Day's change %

Wed Sept 17

-1.78 140.68 0.31

-0.55 121.13

-1.71 135.08

-1.66 155.51

130.41 -1.34 132.51 0.33

-0.42 112.54

114.12 -8.70 114.92 -

113,71 -0.65 114.46

nd adj. today

856

0.17

ज्ञां बड़ी. 1986 to date

9.46

10.05

8.90

9.30

253

243

7.51

Index-Linked
Inflat's rate 5%
Inflat's rate 5%
Inflat's rate 10%
Inflat's rate 10%

Sterling weakness arouses anxiety and Gilts tumble two points

Barelays softened a few pence at 492p as did Midland at 572p. Lloyds were also 3 off at 442p, the bank yesterday revealed a new "sharedeal" service opera-tive from October 27 whereby customers will have means of buying and seiling shares at a fixed rate of 1.5 per cent for equities and 0.5 per cent for glits, at any of the bank's 2,300 branches.

at any of the bank's 2,300 branches.

Sun Alliance, 9 down at 700p, led Composites lower with GRE closing 5 easier at \$10p and Royals a few pence off at \$39p. Elsewhere, Legal and General fell 7 more to 248p on further consideration of the interim results. Prudential closed a few pence cheaper at \$42p, after \$49p, following news of the group's acquisition of Jackson National Life Insurance of the US in a \$405m deal.

Eve Construction staged a satisfactory debut in the Unlisted Securities Market; the shares, placed at 105p, opened at 106p and moved ahead to 112p prior to closing at 110p.

Having been a firm market of

to closing at 110p.

Having been a firm market of late on hopes of a bid from Elders IXI. Allied Lyons dropped sharply to touch 3050 at one stage before closing 17 down on balance at 316 following Elders' decision to acquire the Courage and John Smith breweries from Hanson Trust for £1.4bn; Hanson ended a permy off at 192p. Elsewhere in the drinks sector. Guinness improved 5 afresh to 3330, while Belhaven edged forward a penny more to a new peak of 77p on further consideration of Bestwood's recently acquired stake.

Revised interest rate worries took the shine of a fairly resilent performance by the Building sector leaders.

took the shine of a fairly resilent performance by the Building sector leaders. Blue Circle, up to 560p at one stage reflecting traded option activity, eased back to close 8 higher on balance at 555p. Barratt Developments, results due shortly, were finally a couple of pence dearer at 144p after initial progress to 148p. Adverse Press comment depressed George Wimpey, 5 lower at 200p, while late offerings left Costain 2 cheaper on balance at 518p, after 522p. US contract news failed to sustain Taylor Woodrow which slipped 2

from Robert Maxwell's BPCC for £330m also aroused interest, but neither deal affected market sentiment.

Equity turnover was on a reduced scale owing to TSB considerations, but selected institutions appeared to have surplus funds and private client interest was good. The IMF optimism on world economic growth and the latest UK unit wage/labour data were both helpful pointers for equities.

NatWest below best

Apent from NatWest, which added 6 at 540p, after 542p on further consideration of the bank's application for a stocklisting on the New York Stock Exchange and plans to support it with an issue of 24.2m new shares to raise £121m from US investors, the major clearers drifted lower for want of support.

FT-ACTUARIES SHARE INDICES These indices are the joint compliation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

Thursday September 18 1986

Grees Dhy. Yield% (ACT at 29%)

| No. | Campa | Campa

| Index | Day's | Day's | Day's | Sept | Sep

Thurs Sept 18

9.16 10.09 10.12

10.73 10.44 10.11 10.12 10.13 10.19 9.91

425 3.56 2.84 3.39

10.71

11.06

Over 5 yrs... 5 yrs... Over 5 yrs...

10.94 10.95 10.95

10.22 10.91 10.71

10.49 9.84

11.56 11.43 11.30

FINANCIAL TIMES STOCK INDICES										
	Sept	Sept	Sept	Sept	Sept)eár	19	96	Since Co	mplication .
	18	17	36	15	12	ago	High	Toe.	High	Low
Coverage Secs	84.12	85.45	85.88	86.74	86.74	83.19	94.51 (184)	80.39 (20/1)	127.A (97.735)	49.18
Fixed laterest	91.88	192.12	92.76	93.05	93.16	88.56	97.68 (7/7)	86.55 (23/1)	105.4 (28/11/47)	(3/1/15) 50.53
Ordinary 9	1,279.6	1,275.2	1,262.2	1,299.6	1,270.9	1,007.8	1,425.9	1,094.3	1,425.9	(3/1/75) 49.4
Gold Mines	317.2	316.6	317.9	312.2	324.8	.308.6	357.0	185.7	(3/4/86) 734.7	(264540) 43.5
Ord. Div. Yield	4.33	4.35	4.40	431	4.37	4.72	(27/1)	(1877) S.E. AC	(15/2/83) TEVITY	(26/10/71)
Earnings Yld.%(fall)	9.97	10.02	10.14	9.40	10.07	11.57		ices	Sept. 17	Sept. 16
P/E Ratio (net) (*)	12.30	12.24	12.09	12.34	12 18	10.70	· —	Bargains		
Total Bargains (Est)	18,734	20,348	21,590	23,927	22,678	20,647	Equity Barry	ales	1 1112	123.3 124.8 1080.9
Equity Turnover Em	_	535.07	534.79	600.60	879.41	373.30	Equity Valu 5-Day Ares	e	1081.5	1080.9
Equity Bargains	_	17,169	19.263	22.861	30.502	16.265		age Barcoins	114.0	113.9
Shares Traded (mil)	_	228.6	222.A	253.3	351.1	178.2	Equity Bary Equity Valu	eksi	145.9 1291.1	152.5 1326.8
	10 a.m. 1277.6		a.m. 77.6	Noon 1278.6		p.m. 282.9	2 p.m 1284.		p.m. 285.6	4 p.m. 1281.9
Day's High 128 Basis 100 Govt.			1277.6. d int. 192		Correction			Activity 197		
				_			TEL 01-2			

of sterling could put upward pressures on interest rates depressed leading retailers which closed at their lowest levels of the day. Woolworth, which revealed record interim profits of £23m on Wednesday, ended 25 lower at 650p, while Storeheuse cheapened 10 at 325p. Marks and Spencer closed a few pence off at 203p. Secondary issues provided some bright features, however, with Time Products notable for a speculative gain of 6 at 50\text{p}. W. H. Smith "A" put on 4 to 276p after Press comment and Alexon rose 4 afresh at 196p. Church, at 430p, met with profit-taking and lost 10 of the previous day's rise of 85 which greeted news of Ward White's acquisition of a 5.2 per cent stake in the company.

Garner Booth highlighted shoe and leather concerns, jumping 12 to 196p, after 204p, on details of the bid from Strong and Fisher, 2 dearer at 148p. Pittard, still reflecting the bumper first-half figures, added 4 at 116.

igures, added 4 at 116.

Leading Electricals traded on a quietly firm note, gains of a couple of pence being recorded in GEC, 174p, and Plessey, 178p. Continental Microwave, reflecting the good preliminary figures, moved up 15 to 270p. News of the contract from Metro Cammell prompted a gain of 3 to 1800 in Stone International, while United Scientific responded to further talk of a possible bid from Pilkington Bros with a fresh gain of 10 at 160p. Memee staged a further rally of 8 at 2160, while DJ Security Alarms rose 7 to 105p with the aid of traditional option demand. Ferrantl edged up 4 to 100p and 7lectronic Rentals improved 5 to 57p.

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stake, met with late demand and put on 5 to 48p. Bid speculation continued in Westwood Dawes, up 9 more at 74p, for a two-day rise of 18p. Wm Baird advanced to 390p in reply to the interim figures before late offerings brought the price back to 370p, up only 2 on the day. Speculative demand amid rumours of an imminent deal left DSC Holdings 9 to the good at 50p, after 62p. at 274p. Among secondary Engineering issues, Banro Indus-tries, at 177p, regained 5 of the previous day's fall which followed the interim figures and followed the interim figures and the proposed £3.3m rights issue. Richardsons Westgarth, partly reflecting further traditional option demand, improved 2½ to 43½p. Bremsgrove railied 4 to 77p, while Mellins were noteworthy for a gain of 7 at 177p.

Among Leature issues, Aspinall Holdings shed 7 to 155p owing to a lack of support, but Cityvision attracted speculative demand and gained 5 to 35p, Foods made an irregular showing. Recently dull Rowntree Mackintosh revived with a gain of 12 at 380p, but United Biscuits shed 7 to 232p following Following a brokers visit to the company's Coventry plant to view the new XJ40 model due to be launched next month, US support continued for Jaguar which closed 9 higher at 522p, after 525p.

of 12 at 3890, but United Biscuits shed 7 to 232p following comment on the interim results. Unigate found support and touched 290p prior to closing a net 5 up at 288p, while Fitch Lovell improved 4 to 252p Cadbury Schweppes hardened a couple of pence to 176p and Hillsdown edged up 5 to 305p. Retailers turned easier after hours on dearer money fears. ASDA-MFI were finally 2 better at 156p, after 158p. Tessor reverted to the overnight 410p, after touching 412p, while Bejam, having risen to 161p in the wake of a broker's recommendation, subsequently eased back to close 5 higher on balance at 158p. William Morrison firmed 2 to 226, after 228p, following the better-than-expected interim results. Elsewhere, profit-taking in the wake of the annual results left Heme Farm 5 lower at 105p.

annual results left Heme Farm 5 lower at 105p.
Grand Metropelitan, a firm market late on Wednesday redecting revived takeover hopes, moved up to 412p before easing back late in the day to close unchanged at 408p. Buyers again favoured Ladaroke which firmed 5 more to 358p.

Glaxo higher

GKN benefited from continued weakness in the pound against the D-Mark and closed 7 firmer particularly against the D-Mark and closed 7 firmer particularly against the D-Mark and repeated interest in selected perticularly against the D-Mark, enlivened interest in selected international stocks, but prices failed to hold best levels. Glazo advanced to 922p at one stage, but reacted to close only 10 higher on the day at 980p, while Reckitt and Colman topiched 319p prior to settling a net 8 up at 812p. Beecham closed only a penny better at 401p, after 406p. Reflecting am early flurry of speculative activity. Boots improved to 225p before civaing a shade up on the day at 222p. Elsewhere, Bridon, still on the poor half-year figures, closed 9 off at 141p, after 138p, while DPCE gave up 10 to 240p following the preliminary results.

Oils advance

Courtanlds firmed 5 to 284p in Textiles where John Beales advanced 9 to 182p following renewed speculative demand.

Stockjobbing concern Smith NewCourt returned to prominence among Financials rising 6 to 167p on reveived takeover hopes. Authority Investment jumped 35 to 380p after speculative support in a thin market, but Antofogasta relinquished 5 to 21,281.

Elsewhere, Bridon, still on the poor half-year figures, closed 9 off at 141p, after 138p, while DPCE gave up 10 to 240p following the interim statement.

Oils advanced 9 to 182p following relative demand.

Stockjobbing concern Smith NewCourt returned to prominence among Financials rising 6 to 167p on reveived takeover hopes. Authority Investment jumped 35 to 380p after speculative demand.

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Elsewhere, Bridon, still on the poor half-year figu

orr at 141p, after 138p, while DPCE gave up 10 to 240p following the preliminary results. Benlox, in which Chessminster has recently built up a share A much firmer performance by crude oil prices following reassuring comments by Sheikh Yamani on Saudi Arabia's oil

NEW HIGHS AND LOWS FOR 1986

CAMADIANS (3) Golden Sceptre Resources, Golleth Gold Mines, initiand Natural Gas; EMEWERS (1) Bellawen Brewery; STORES (2) Alexon, Time Products: ELECTRICALS (1) NEC Corp; EMGINCERING (1) Wood (S. W.); FOODS (2) Berker and Dabson, England (J. E.); INDUSTRILALS (3) Arenson, Burne Anderson, CCA Galleries, DSC, Dinkis Heef, Johnson Matthey, Myson, Somic, Westwood Dawes: MOTORS (1) Honds: PAPER (1) More O'Ferrall; PROPERTY (1) Tops Estates: SHIPPING (1) Clarkson (Harace): SHOES (1) Pittard; TEXTILES (2) Beeles (J.), Lyles (5); TRUSTS (4) General Funds Conv., Jove Inv. Inc., M & G Duel Cap, York and Equity Tst.; OILS (1) Imp. Cont.

Minerals, Minoll Sacs.

NEW LOWS (27)

BRITISH FUNDS (8) Exch. 14 pc 1986,
Treas. 3pc 1991, Conv. 10pc 1995, Conv.
Spc 2000, Conv. 9pc 2008, Treas.
Spc 2007, Treas. 8pc 2008, Treas.
2-pc 1.L 2016; AMERICANS (3) BenkAmerica, BASIX, Lowe's; POODS (1)
Bio-Isolates; HOTELS (1) Ryen Hotels;
ROUSTRIALS (4) ASD, Bexts;
Travenol, Mitchell Cotts, Technology
for Busipeas; INSURANCE (2) Heati
(C. E.), Steel Burill Jones; LEISURE
(2) Aspinell, Scanro; NEWSPAPERS
(1) Cottins (Wm); PAPER (2) JWT
Inc., Jarvis Porter: TRUSTS (2) General
Oriental, London Merchant Secs. 7-pc
Cov. 2000-05; Oll.S (1) Petrocon.

Equatorial Tst Corp. plc... 18 Exeter Trust Ltd....... 18

BASE LENDING RATES

	Wither wieh Dank Thr 18	EXCUEL LLINK FOR THE TANK
	Allied Dunbar & Co 19	Financial & Gen. Sec 19
	Allied Irish Bank 10	First Nat. Fin. Corp 11
	American Express Bk 16	First Nat. Sec. Ltd
İ	Amro Bank 16	Robert Fleming & Co 19
İ	Henry Ansbacher 10	Robert Fraser & Pirs 11
	ANZ Banking Group 19	Grindlays Bank 110
	Associates Cap Corp 10	9 Guinness Mahon 10
	Banco de Bilbao	• Hambros Bank
	Bank Hapoalim 10	Heritable & Gen. Trust 19
	Bank Leumi (UK) 10	• Hill Samuel
	Bank Credit & Comm 10	C. Hoare & Co 10
	Bank of Cyprus 19	Hongkong & Shanghai 10
ı	Bank of Ireland	Enowsley & Co. Ltd 1914
	Bank of India 18	Lloyds Bank 10
	Bank of Scotland 10	Mase Westpac Ltd 10
	Banque Belge Ltd19	Meghraj & Sons Ltd
	Barclays Bank 10	Midland Bank 19
	Benchmark Trust Ltd 19	Manday Crowfoll
	Beneficial Trust Ltd	Morgan Grenfell
	Berliner Bank AG 10	Mount Credit Corp. Ltd 19
ı	Date Discourse To	National Bk. of Kuwait 10
ı	Brit. Bk. of Mid. East 19	National Girobank 19
ı	Brown Shipley	National Westminster 19
	CL Bank Nederland 10	Northern Bank Ltd 10
	Canada Permanent 16	Norwich Gen. Trust 18
1	Cayser Ltd 10	PK Finans Intl (UK) 184
-	Cedar Holdings 11	Provincial Trust Ltd 11
	Charterhouse Bank 10	R. Raphael & Sons 19
- 1	Citibank NA 19	Roxburghé Guarantee 11
	Citidank Savings	Royal Bank of Scotland 12
	City Merchants Rank 10	Royal Trust Co. Canada 19
	Clydesdale Bank 10	Standard Chartered 10
1	Comm. Bk. N. East 19	Trustee Savings Benk 10
į	Consolidated Credits 18	UDT Mortgage Express 118.9
ì	Continental Trust Ltd 19	United Bank of Kuwait 19
	Co-operative Bank *10	United Mizrahi Bank 19
	The Cyprus Popular Bk 19	Westpac Banking Corp 19
1	Duncon I seemin 18	Mesthac patterns Coldinate 18

United Mizrahi Bank 19
Westpac Banking Corp 10
Whiteaway Laidlaw 169
Yorkshire Bank 19 Members of the Accepting Houses Committee. * 7-day deposits 5.69%, hth 6.03%. Top Tier—£2,500+ at 3 months' notice 9.72%. At call wi \$10,000 remains deposited. \$ Call deposits \$1,000 and over 64% gross. \$ Mortgage base rate, \$ Demand deposit 5.82%. Mortgage 11%

ompared with the £36m earned

Interest in mining was largely focused on Rio Tinto Zine; the shares fell back to 587p immediately following the lower-than-exepected interim figures but subsequently railled strongly to close a net 27 higher at 614p reflecting a bear squeeze and strong buying interest encouraged by hope of a substantial improvement in the second half. Conselldated Gold Fields, a quiet market following Tues-

shares which generally moved narrowly in either direction. Bullion appreciated throughout the session and touched \$422 at the session and touched \$422 at one point before closing a net \$6.125 up at \$419.75 an ounce. Platinum fell away and was quoted at \$577 in the afternoon—a two-day decline of around \$20 an ounce. In the Platinums sector Impala and Rustenburg dropped 20 apiece to 730p and 780p respectively.

Leading gold shares were usually easier on the day, reflecting a minor fall in the Financial Rand. Vaal Reefs, a strong market in recent days following a "buy" recommendation emanating from Johanneshurg climaters. after 525p.

Mr Robert Maxwell's EPCC jumped 15 to 275p following Press reports that Goldman Sachs, the US investment bank, had bought the bulk of the £330m Philip Hill Investment Trust portfolio. Elsewhere, More O'Ferrall reflected the bumper interim figures with a gain of 13 at 143p. Dealings in Ault and Wiborg were suspended at 51p prior to the announcement of the possible sale of its paints business to Berger, Jenson and Nicholson, a subsidiary of Hoechst. buy" recommendation emanating from Johannesburg, slipped it to £55 i, and Buffels lost i to £15 i. Randfontein held up well to close a shade firmer at £63 i. Kinross, where sentiment has been severely dented by the major tragedy at the mine, lost 31 more to \$55 p.

The South African Financials to 600p —a jump of 100p over the past three sessions — still reflecting the EEC's refusal to

Leading Properties retained a firm apperance. Land Securities hardened a penny more to 313p and MEPC closed 3 dearer at 318p, after 320p. Elsewhere, Imry rose 10 afresh to 380p pending the outcome of bid discussions and Hampton Trust added 2½ to 41p following a newsletter recommendation. Australian mines were under Anstralian mines were under pressure in overnight domestic markets and gave ground for much of the day in London. The late improvement in gold, however, prompted a flurry of buying interest which left Gold Mines of Kalgoorie 22 up at 580p and Central Nerseman 5 harder at 583p.

Elsewhere, Greenwich Resources, where the Prudential group of companies recently increased its stake to 7.04 per

Hansen Trust attracted 157 calls and 1,127 puts following its Courage brewery deal with Elders IXL Elsewhere in Traded Options, the FT-SE 100 accounted for 1,404 calls and 929 puts, while the overall total number of deals done amounted to 21,921.

output in September, under-pinned the oil sector which made good progress for much of the day before closing a shade below the day's best levels. BP settled a net 6 higher at 658p, after 663p, and Shell moved up 8 more to 893p, Enterprise Oil held steady at 128p ahead of to-day's interim results; forecasts of net income for the half-year

IC Gas continued to attract trong speculative interest, strong speculative interest, boosted by Press reports of a possible US bld; the shares touched a 1986 high of 493p but

half. Conselldated Gold Fields, a quiet market following Tuesday's preliminary results, moved up 5 to 535p helped by the upturn in metal prices. East Rand Consolldated attracted persistent speculative buying ahead of the name change and put on 4 to 52h

2 220 270 038 130 0.50 130 350 360 1020 TOTAL VOLUME IN CONTRACTS: 37,658 A-Ask B-86 C-Cal TRADITIONAL OPTIONS

First Last Last For ings ings tion ment Aug 18 Sept 5 Nov 20 Dec 1 Sept 8 Sept 19 Dec 4 Dec 15 Sept 22 Oct 3 Dec 18 Dec 29 Unit Trust Service Money was given for the call of

North Kalgurii, Belam, Hampton Trust, East Rand Consolidated, S. R. Gent, William Boulton, RHM, Debron, Amstrad, T. Marshali (Loxley). DJ Security Alarms, Harris Queensway, Telemetrix, AB Electronic, Arenson, Eichardsons Westgart, Pavion, Polly Peck and LASMO. Peek Holdings were dealt in for the put, while a double option was arranged in Wellcome.

YESTERDAY'S ACTIVE STOCKS

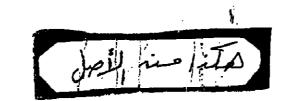
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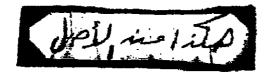
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ENSS	40	67 .	8
thers	60	63	7
Totala	\$52	527	1,710

LONDON TRADED OPTIONS																
CALLS			PUTS					\top	CALLS			PUTS				
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Allied Lyons (*3326*)	300 330 360	2012	40 21 12	交 31 29	· 5 20 47	10 25 53	12 29 50	Midand E (*572)	*	2000 E	87 47 20	102 65 30	112 77 42	2 12 35	7 18 40	11 27 47
R.P.	620 650 700	11 20 20	88 57 90	112 77 48	3 19 48	14 30 60	23 48 70	P. & O. (*528)		86S	35 10 2	46 25	35	翠湘	20 43	25 C
Cors. Gold (*534)	460 500 550 600	80 45 16	95 62 40 20	25 25 28 28 28 29 29 29 29 29 29 29 29 29 29 29 29 29	32 40	15 27 50	18 97 57	(*176) R.T.Z.		160 180 200	22 10 4	28 16 9	36 22 12	11 26	8 13 25	11 16 23
Courtacids (*285)	250 280 300	28 17 7	40 28 37	49 37 23	2 10 21	7 15 25	92 11 15 29	(*6140		550 600 650 700	70 37 15 7	87 57 38 18	74 50	765 22 75 10	22 35 70 107	20 20
Com. Uplon (*284)	280 300 330	10	20 11 6	27 19 12	12 28 56	15 30 56	18 33 57	Vani Reei (*\$82)		70 80 90	17½ 10 472	20°2 14 8°2	23°2 17 12	31 ₂ 61 ₂ 101 ₂	652 13	8 111 ₂ 15
Cable & Wire (*300)	300 325 350	15 7 2	20 20 9	47 28 38	10 30 52	18 34 55	22 37 55	Tr. 114-% 1	- 1	106 106 108	13. 05. 04.	102	냻	h A	3 45 ₈	17.00 m
DistRiers (*720)	600 650 700	#8 ₽	111	<u>- </u>	D ₂ 4 8	Ξ	Ξ	(11174) (11174) (11174)	<u> </u>	謡	11: 00: 04:	130	25 26 14	2000年	3% 5% 6%	4 5 F 8
G.E.C. (*174)	160	20 8	28 16	34 20	419	13	30 17	Opt	den,		Sep	Dec	No	Sea	Dec	
Grand Met. (*406)	360 362	3	65	73	2 <u>8</u>	28 5	7	Beechan (*403)	'	360 390 420 460	46 15 3	8 4 2	70 另 型	1)2 3 18	17 40	19 22 45
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(*204) Shell Trans.	200 220 850	11 22 72	3.HS	24 14	18 13	23 23	24	-Bine Circl (*558)	•	500 550 600	65 18	77 47 25	888	Z and	2243	12 28 45
(*893) Trafaigur Heuse	900	30 14 29	70 42 37	99 60	2	45 82	60 97	De Beer (*\$772)		650 700 750	125 80 30	145 120 90 60		4420	227	22 55 F
(*212)	290 300	15	11	29 18	22	30	2	Distant (*372)	┪	390 360 390	4 42 16	60 52 30	333	50 1 4	90 4 10	8 16
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Barclays (1492)	460 500 550	45	50 57 20	72 52	6 23	10 22	17 40	Jaguar (*525)	+	180 200 460 500 550	62	63 845.8	28 19 99	10 10	5 15	18 12
Brit. Telecom (*196)	190 200	16	22 14	28 28 19	60	25 24	14 28	Thorn Etd	<u>. </u>	600	203	_15	282	32 80	20 A A A	30 50 90
Cultury Schweppe (*175)	220 160 180 200	20 9 5	7 28 14	33 36	35 11 27	7 14	9 18	(*482)	_	400 460 500 550	50	89X9°	55.22.28 50.22.28	13075	4 30 75	9 17 37 77
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\$Operaing instex 1631.0; 10 am 1613.7; 11 am 1613.3; Moon 1612.9; 1 pm 1619.5; 2 pm 1622.4; 5 pm 1623.9; 3.30 pm 1621.5; 4 pm <u>1618.5</u>



1DAY



WORLD STOCK MARKETS

WORLD STOCK WERREIS							
Sept. 18 Price + or Sept. 18 Price + or Sept. 18 Kroner - Sept. 18	A (continued) Price + or Aust - Aust -	CANADA					
Conditi	1. 2.45 0.05 Milbui Co. 656 -25 Milbui Co. 657 -25	Sales Stack High Lear Clase Chag Sales Stack Righ Lear Clase Chag Sales Sal	Salex Stack High Law Dieso Class				
Sept. 18 Price + or Hoff-Roche PtCts 194,750; -5250 All Nippon Air. Hoff-Roche 1/10 10,500; -425 Alps Electric	1,600 +20 5	·	<u>'</u>				
April	1,270	Supt Supt	Sept. Sept. Sept. Sept. Sept. 1985 Low				
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	21(+ 1; LiftSik 30e 231 12% 12\4 12\4 12\4 12\4 12\5 12\5 12\5 12\5 12\5 12\5 12\5 12\5	Composite 2,804.00 2,904.00 3,818.00 3,129.11 (10.40) 2,754.00 (17/2) 38000000041 Periodio 1,804.73 (1,677.01 (1,578.14) (1,522.00 (1,823.33 (10.40 (1,386.0 (22/1) 1.866.00 (1,386.0 (22/1) 1.866.00 (1,386.0 (22/1) 1.866.00 (1,386.0 (1,38	NYSE All Common—50: Standard and Poors—10; and Toronto Composite and Metals—1,000. Toronto Indices based 1975 and Montreal Portfolio 4/1/83, † Excluding bonds. 4 400 Industries plus 40 Utilities. 40 Financies and 20 Transports, c Closed, y Unavailable.				
People 10	55 - \(\frac{1}{2} \) VI.	LONDON Chief price changes (In pence unless otherwise indicated)					
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Procest .12 17 121 231-2	151	RPCC	Exxon Finance N.V. 11% Guaranteed Notes Due October 1, 1987				
Prof. 5 70 11 1024 225; 221; 221; 14 Satestian 32 28 172 211; 234; 211; 44; 54 Frandern 28 1270 347; 341; 541; 541; 541; 541; 541; 541; 541; 5	129 2 - 7 1	E. Rand Con 52 + 4 FALLS GKN 274 + 7 Tr 13% 1991 5103% -1% Garnar Booth 196 + 12 Tr 13% 2000 £116% - 2% Glaxo 980 + 10 Tr 2% 20 £94% - % GM Kal 580 + 22 Allied-Lyons 316 - 17 Imry Prop 380 + 10 Broidon 141 - 9 Magnet 192 + 6 Controy Petrol 142 - 8 More O'F 143 + 13 DPCE 240 - 10 NatWest 540 + 6 Storehouse 325 - 19 RTZ 614 + 27 Woolworth 650 - 25	NOTICE IS HEREBY GIVEN to the holders of 11% Guaranteed Notes due October I, 1987 (the "Notes" of Extan Finance N.V. (the "Company") pursuant to Section 15.02 of the Indenture dated as of September 15, 1982 among the Company, Extant Corporation, Gauranter and Manufacturers Hanover Trust Company, Trustee, and the provision of the Notes that the Company has exercised its option to redeem all of the outstanding Notes on October 1, 1986 (the "Redemption Date") at 100% of the principal amount thereof (the "Redemption Price") plus accrused interest to the Redemption Date. Interest on the Notes will cease to accruse on and after October 1, 1986. The Redemption Price on the Registered Notes will be paid on or after October 1, 1996 upon surrender of the Notes at the offices of the Trustee issted below or at the offices of the Paying Agents listed below for paying the Coupon Notes. The method of delivery of the Notes is at the option and risk of the holder, but if mail is used, Registered Mail is suggested. If by hand to: Manufacturers Hanover Trust Company Trust Company Trust Company Trust Company Trust Company				
Region 19 11 9 81 9 1 1 1 1 1 1 1 1	254 Wyman .80 1848 181, 173, 173, 173, 177 +1 X Y Z	US \$75,000,000 Banco Mexicano Somex S.N.C.	Trust Company 130 John Street Street Level Window New York, New York New York, New York The interest due October 1, 1986 on the Registered Notes will be paid in the usual manner. The Redomption Price on the Coupen Notes will be paid, subject to applicable have and regulations, on or after October 1, 1986 upon aurrender of the Notes with the April 1, 1987 and subsequent coupons statched only at the offices of the following Paying Agents: Manufacturers Hamover Banque Brustelles Lambert Trust Company Avenne Earnix 24 1 Geory Raffles Square London E18 13G, England				
Richel 23 6 17 17 17 Sowing 10 772 354 345 345 345 18 UBCo 1.08 8 610 255 274 Richel 10 10 89 325 376 311 - 7 Sowing 1.36 10 729 354 345 345 11 UBCo 1.08 8 610 255 274	77a Xabec 1108 2 1 - 16 115-18 2 1 - 16 + 1 - 15 1574 115-18 2 1 - 16 + 1 - 15 1574 1574 1575 15	In accordance with the provisions of the Fiscal Agency Agreement between Banco Mexicano Somex S.N.C. and First Interstate Capital Markets Limited, dated as of 4th September, 1986 notice is hereby given that the Rate of Interest for the next six	Manufacturers Hanover Trust Company Stockgratures 33 Bockenhouser Landstrasse 51-53 Zurick, Switzerland Manufacturery Hanover Bank Landsturery Hanover Bank Landshourg S.A. Banque Worms 45 Boulevard Haussmann Lancenhourg 75427 Paris, Cedex 69, France The October I, 1986 coupon should be detached and presented for payment in the usual				
BONN/COLOGNE/DUSSELDORF/ESCHBORN/ FRANKFURT/HAMBURG/HESSISCHE BERGSTRASS HOECHST/MUNICH/OFFENBACH/RUESSELSHEIM STUTTGART/VIENNA Your subscription copy of the FINANCIAL TIMES can be hand-de to your office in the centre of any of the cities listed above For details contact: Bernd Wokurka, Teb 069 75980, Telex: 416	GERMANY & AUSTRIA	(IMPORTANT TAX INFORMATION Withholding of 20% of gross redemption proceeds of any payment made within the United States is required by the Interest and Dividend Tax Compliance Act of 1983 unless the Trustee or Paying Agent has the correct encopayer identification number (social security or employer identification number) or exemption certificate of the Payer. Please furnish a properly completed W.S., exemption certificate or equivalent when presenting your Notes. EXXON FINANCE N.V. Dated: August 29, 1988				

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES 12 March Law
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| Section | Dis. | Mal. | 1003 | Majs | Issue | December | 12 | Males | December | 13 | Males | December | 14 | Males | December | 14 | Males | December | 15 | Males | December | 15 | Males | December | 15 | Males | December | 15 | Males | December | 15 | Males | December | 15 | Males | December | 15 | Males | December | 15 | Males | December | 15 | Males | December | 15 | Males | December | 15 | Males | December | 15 | Males | December | 15 | Males | December | 15 | Males | December | 15 | Males | December | 15 | Males | December | 15 | Males | December | 15 | Males | December | 15 | Males | December | 15 | Males | December | 15 | Males | December | 15 | Males | December | 15 | Males | December | 15 | Males | December | 15 | Males | December | 15 | Males | December | 15 | Males | December | 15 | Males | December | 15 | Males | December | 15 | Males | December | 15 | Males | December | 15 | Males | December | 15 | Males | December | 15 | Males | December | 15 | Males | December | 15 | Males | December | 15 | Males | December | 15 | Males | December | 15 | Males | December | 15 | Males | December | 15 | Males | December | 15 | Males | December | 15 | Males | December | 15 | Males | December | 15 | Males | December | 15 | Males | December | 15 | Males | December | 15 | Males | December | 15 | Males | December | 15 | Males | December | 15 | Males | December | 15 | Males | December | 15 | Males | December | 15 | Males | December | 15 | Males | December | 15 | Males | December | 15 | Males | December | 15 | Males | December | 15 | Males | December | 15 | Males | December | 15 | Males | December | 15 | Males | December | 15 | Males | December | 15 | Males | December | 15 | Males | December | 15 | Males | December | 15 | Males | December | 15 | Males | December | 15 | Males | December | 15 | Males | December | 15 | Males | December | 15 | Males | December | 15 | Males | December | 15 | Males | December | 15 | Males | December | 15 | Males | December | 15 | Males | December | 15 | Males | December | 15 | Males | Decemb 55% 21% 18% 25% 10% 14% 55% 45 22% 55 2014 18 261₈ 102₈ 141₂ 352₄ 551₄ 427₆ 213₄

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or slock dyklend amounting to 25 per cent or more has been paid, the year's high-low range and dyklend are shown for the new stock only. Unless otherwise noted, mass of dyklends are annual diebursements besed on the latest declaration.

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FINANCIAL TIMES WORLD STOCK MARKETS

WALL STREET

Unmoved by data and currencies

A LACK of direction left stock and bond prices on Wall Street drifting while for-eign exchange markets provided all the sharp reactions to economic news and official comments, writes Roderick Oram in New York

The bond market was unmoved by economic data released yesterday which failed to bring the expected upward revision in second-quarter GNP growth.

The Dow Jones industrial average closed up 4.78 points at 1,774.18 points. Trading was a moderate 132.47m shares but for a third session this week declining shares outnumbered advancing despite the higher indices.

An obvious lack of leaders for a further advance created uncertainty in the market, said Mr Brian Fabbri of Thompson McKinnon. "There are no easy ways for portfolio managers to get on and ride," he said.

Investors were also continuing to be cautious about today's trading when options and futures on stock indices and futures on stocks expire simultaneously. Blue chip stocks as measured by the

Dow Industrial Average outperformed the market as a whole. The New York

Paris CAC General

Dec 31, 1982-100

Frankfurt

Dec 1, 1953-100

STOCK MARKET MDICES

766.25

200.10

317.2

602.2

372.70 144.10

651.77

284.10

192.95

535.50

COMMODITIES

GOLD (per ounce)

10.19

1,514.2 1,610.4 796.65 793.74

1,199.2 1,214.2

238.32 238.35

1,769.40 1,300.40 747.25 648.29

231.68 181.71

153.31

1,294.80 633.70

695.65

308.60 10.39

196.84

Year ago

n/a 216.01

377.90 218.0 145.20 79.61

660.51 522.64

D#I Yen

FFr

Lira

BFr

200.65

871.85

316.6

10.04

17 478 35 17 336 62 12 529 7

1,445.70 1,438.48 1,003.73

608.0

3,891.03 3,928.88 2,472.65

2,163,3 2,161,30 1,912 2,984,4 2,991,30 2,662,1

1,505.30 1,507.01 130.51

1,962.10 1,992.40 1,541.1

1,925.82 1,921.99 1,563.62

764.05 757.86 399.17

285.80

369.47 373.91 365.99

817.55

1.960.0

1,375.0

192.60

2,476.10 2,482.56 1,361.88

336.50 336.10 212.0

390.30p

£2,442.5 £2,435.00

Sep 18 Prev \$419.75 \$413.625

\$418.375 \$412.875

€834.50

\$13.75

\$416.89

\$416.25

S422.60

551.60 491.7

393,35p

€929.00

\$13.55

\$412.50

\$412.20

\$418.80

766.95

1,034.9 946.9

300

2500 2000

1500

NEW YORK

DJ Industrials

DJ Transport

DJ Utlities

FT-SE 100

FT-A All-share

FT Gold mines

FT-A Long git

LONDON

TOKYO

Nikkel

Tokyo SE

AUSTRALIA

Metals & Mins

All Ord.

AUSTRIA

SELCIUM

CANADA

Credit Aktie

Belgian SE

Terento Metals & Minis

Composite

DENDLARK

FRANCE

CAC Ger

Ind. Tendance

WEST GERMANY

FAZ-Aktien

HONG KONG

Hang Seng

Banca Comn

NETHERLANDS

ANP-CBS Gen

ANP-CBS Ind

SINGAPORE

Straits Times

SOUTH AFRIÇA

JSE Industrials

Medrid SE

SWITZERLAND Swiss Bank Ind

MS Capital Int7

Sever (spot fixing)

Copper (cash)

Coffee (Sept)

Landon

Pans (fixino)

Luxembourg

New York (Dec)

Zürich

Oil (Brent blend)

SWEDEN

SPAIN

ITALY

KEY MARKET MONITORS

Stock Exchange composite index of all stocks gained 0.20 points to 133.65.

Among the blue chips, IBM was up \$% to \$138%, Westinghouse Electric was down \$% at \$53, Sears Roebuck was unchanged at \$40% and General Motors up 5% at \$69%.

Union Pacific fell \$% to \$58 after it launched a \$1.2bn takeover of Overnight Transport at \$11% to \$42% on heavy vol-

USX, the leading US steel producer, was again among the most actively traded stocks on reports that leading financiers Mr Robert Holmes à Court and Mr Carl Icahn were buying stakes. Its price rose \$1% to \$22% with nearly 6m shares changing hands. Mr Icahn was unvailable for comment.

Similar pressure continued on Lucky Stores, a retail chain, which gained \$\foatsigma \tag{to \$30\foatsigma} on reports that Mr Asher Edelman was acquiring shares.

Johnson and Johnson lost \$1% to \$61% but later recouped a little to \$621/4 after a court ruling that the group rather than its insurer was liable to the \$100m cost of a drug recall.

Honeywell fell back \$5% to \$72% when it announced large job cuts and the pos-sibility of acquiring Sperry's aerospace unit. The computer and control group's price soared Wednesday on suggestions that it would break itself up.

Resorts International, a major casino group subject to a takeover bid from Pratt Hotels, saw further progress in its A shares rising \$% to \$52%

Following announcement of an agreed investor group buy out of Western Pacific Industries at \$155 a share, its price jumped \$24% to \$158%.

Aug 1986 Sep

STERLING

1,4760

3.0250

230.75

9.905

2.445

2.085

62.60

3,4125

2.0459

10 4% 4% 7%

6% 6% 5% 5.70 5.115

991% 6,363

7.362 991%z 7.326 7.553 983%z 7.53

7.17

6.85 6.39 7.06

8.27

-0.00

-0.01

-0.01

-0.01

Price Yield

91.5 6.449

Sep 18 Previo

2.93

226

2.37

9.6025

3.3175

2,024.5

2.0388

10% 4% 4% 7%

6% 5'%s* 5.65* 5.205*

60.75

CURRENCES

2.0275

154,75

6.645

1,6395

2.2900

1.400.5

42.05

EST RATES

1.3905

US BONDS

6.45

7.69

Day's change

+0.12

+0.04

+0.27

Yield

105.875 9.639 100.875 9.639

98.5 8,229 98,375 8,248

101.5 8.514 101.375 8.533

104.75 9.395 104.75 9.395

95-14 96-27 95-12 96-11

n/a 94.90 94.77 94.88

93.94 94.01 93.92 93.95

111-12 114-07 114-07 114-07

89.5 9.159

9% March 2016 96.75 9.71 96.25 9.763

FINANCIAL FUTURES

Latest

US Treasury Bonds (CST)

Certificates of Deposit (IMM)

September 181

91.125 6.411

Price

99°%

991%: 982%: 942%:

Source: Harris Trust Savings Bank

index

155.07

148.54

139.73

150.95

178,61

Source: Merriti Lynch

SCBT South Central

US DOLLAR

1.9900

153*.6*0

1.6100

1.375

1.3870

SFr DM FFr

US3-month T-bills

1968 1993 1996

2016

US Fed Far

Treasury

7% 7% 7%

(years)

1-30 1-10

15-30

3% July 1990

10% Jan 1993

8% March 1996

9% March 2016

General Motors

8% April 2016

CHICAGO

US Tre

Sept

Sept

LONDON

8% 32nds of 100%

\$1m points of 100%

\$1m points of 100%

\$1m points of 100%

£50,000 32nds of 100%

Three-month Eurodolla

Citicorp

Ph/bro-Sal

8 April 1996

3-month LISS

6-month US\$

ith CDs

RCT

2.2535

1900

Market unease about the financial health of Bank of America persisted vesterday forcing the bank to deny reports it was holding special meetings with the Federal Reserve Board. Its shares fell \$% to \$10%, a low for the year.

The continuing pressure on the bank was not a factor in the small rise in bank certificate of deposit rates, money market analysts said. The rise in yield ranged from six basis points at the short end of 5.85 per cent to eight points in the

middle at 5.85 per cent. An influx of funds into credit markets was expected yesterday because it was settlement day covering last week's steep sell off of shares.

None the less, Treasury bill yields rose with three month bills yielding 5.34 per cent, a gain of 10 basis points, six months yielding 5.63 per cent, also up 10 basis points and 12 months 5.79, up seven basis points.

Yesterday's economic data indicated a somewhat slower rate of growth and fas-ter rate of inflation in the second quarter than expected but with the market now more concerned about the third

quarter the figures had little effect. The price of the benchmark 7.25 per cent Treasury long bond due 2016 fell steadily during the day, however, to close % down on the day at 94% at which it yields 7.72 per cent.

TOKYO

Shares rally in cautious atmosphere

DESPITE the decline on Wall Street, share prices rallied yesterday in Tokyo for the first time in five sessions, writes Shigeo Nishiwaki of Jiji Press

But buying was mainly from major securities house dealers and investment trusts, with market observers saying prices may not yet have hit bottom.

The Nikkei Average was firm throughout the day, closing 141.73 higher at 17,478.35. But volume was low at 625m shares against 596m Wednesday. Advances outnumbered declines 412 to 406 with 146 issues unchanged.

Volume leaders were large-capital stocks related to the Tokyo Bay redevelopment project. The busiest was Ishikawajima-Harima Heavy Industries with 93.5m shares changing hands, adding Y8 to Y495. Nippon Kokan, second most active with 88.7m shares traded, advanced Y14 to Y300 while Tokyo Gas jumped Y27 to Y969 on the third heaviest trading of 62.3m shares.

However, other large-capital issues with no property holdings in the Tokyo Bay area were generally neglected. Trading in Nippon steel shares totalled only 19.4m shares and the price closed at Y209, up Y2. Kawasaki steel dippped Y1 to Y230, while Mitsubishi Heavy Industries fell Y24 to Y579. Tokyo Electric Power, which had been popular on the merits of the strong yen, the drop in crude oil prices and lower interest rates, remained firm, finishing Y30 up to Y6,260. But its volume was thin at 1.6m

With the rise in the yen, blue chips gained ground on a broad front. Demand for these issues was bolstered by investment trust management firms, which will set up nine new trusts on Friday for a total of Y266bn, including Y160bn for

NEC rose Y110 to Y2,040, matching its all-time high registered on September 11, on transactions of 18.1m shares, the sixth largest. It temporarily reached

Bond trading was limited to speculative transactions between banks and securities house dealers. But the yield on the 6.2 per cent government bond maturing in July 1995 dropped from 4.745 per cent Wednesday to 4.710 per cent. US Treasury Secretary James Baker's remark that the dollar needs to go down further had little impact on the market, observers said. The firmness of the benchmark issue was attributable more to the Y0.38 advance in the December futures contract to Y103.58, they

SOUTH AFRICA

GOLDS reached news peaks in Johan-nesburg as the All Gold index edged 4 points higher to 1,964.

Kinross, however, weakened R1.50 to R61.50 in further reaction to the disaster at its mine earlier this week while Southvaal added R3 to R180. Driefontein gained R1.50 to R76.75 although Buffels was unchanged at R104.
Among industrials, Barlow Rand was

5 cents higher at R20.65 and SA Breweries was 35 cents up at R15.75.

CANADA

A CAUTIOUS mood developed in Toronto ahead of a fiscal policy statement from the Finance Minister. Golds and metals turned slightly higher as oil and industrials weakened. Dome Petroleum was actively traded 3

cents down to 99 cents ahead of its proposed recapitalisation plans. Banks were also active with Bank of Montreal unchanged at C\$33%, Royal

Bank of Canada steady at C\$17% as Bank of Nova Scotia traded C\$% off at Among mines Echo Bay added C\$% to C\$29% and Dome Mines slipped C\$% to

Montreal was also broadly steady.

EUROPE

Uncertainty fuelled by dollar's fall

NERVOUSNESS about the weakening dollar and uncertainty over the future trend of world stock markets cast a pail over Europe yesterday, leaving all but a handful of bourses lower at the end of

Frankfurt recorded its fourth fall this week, reflecting investor concern over the dollar's effects on the country's export-oriented industries.

The Commerzbank index shed a fur ther 30.1 to 1,982.1 bringing its total fall since last Thursday to 127 points.

Car makers continued to decline with Porsche - heavily dependent on US sales - down DM 68 at DM 1,042 following Wednesday's DM 50 loss. Daimler was a hefty DM 33 lower at DM 1,192 (down DM 38 on Tuesday), BMW fell DM 15 to DM 583 and VW lost DM 11.50

to DM 496.50. The banking sector was also unsettled by worries over interest rates. Deutsche Bank led the falls with a DM 9.50 loss to DM 760, Dresdner Bank was DM 6 lower at DM 412 and Commerzbank fell DM 1.50 to DM 335.

Among electricals Siemens, which announced it was bidding for ITT's Span-ish subsidiary with Canada's Northern Telecom, fell DM 14:40 to DM 663.10. AEG fell DM 6 to DM 303 and computer group Nixdorf was DM 4 lower at DM 671.

Elsewhere chemical stock BASF, which said it planned to boost US sales, was DM 4.90 down at DM 269.60 and Hoechst fell DM 4 to DM 257.

Retailer Kaufhof was one of the day's few gainers adding DM 5 to DM 497. In the bond market longs gained as much as 80 basis points although rises were mostly between 30 and 50 basis points. The average yield fell 4 basis points to 5.37 per cent.

The Bundesbank sold DM 57.7m

worth of paper in its daily market balancing operation. It bought DM 44.7m worth of paper on Wednesday.

Amsterdam saw widespread falls among unsettled internationals. The market was also taken lower by sterling's continuing weakness which dis-couraged investors from the UK. Among internationals, Akzo shed FL 6.10 to F1 151:90 ex-rights, Royal Dutch was F1 1.60 down at F1 199.40, Unilever fell Fi 4 to Fi 476.50, Philips lost 90 cents to Fi 50.30 and KLM also eased 90 cents

Elsewhere distiller Bols, which reported higher first-half earnings earlier this week, closed F1 2.50 up at F1 159.50, after losing F1 3.50 on Wednesday.

Banks, insurers and publishers were

to FI 43.80.

all generally lower. Zurich suffered active selling pres-sure in most sectors and closed sharply

down. Export-oriented industrials were particularly badly hit with Nestlé losing SFr 100 to SFr 8,250 and Ciba-Geigy SFr 200

to SFr 3.300. In the financial sector UBS lost SFr 150 to SFr 5,600, Bank Leu SFr 50 to SFr 3,700 and Swiss Re SFr 400 to SFr

16,600. Consumer stocks went against the lower trend showing little change if any. Mövenpick was steady at SFr 6,400 while Jacobs-Suchard slipped SFr 25 to SFr 7.925.

Brussels faced a bout of late profittaking as investors reacted unusually to

international pressures. Petrofina continued its downward trend losing BFr 190 to BFr 9,010, Geva-ert fell BFr 40 to BFr 6,030, Société Générale de Belgique lost BFr 60 to BFr 3.000 and Banque Bruxelles Lambert

was BFr 110 lower at BFr 3,100. Bekaert, which announced plans to build a steel-cord factory in the US lost BFr 300 to BFr 10,700.

Paris eased despite some late buying which lifted prices off the day's lows. Among the losers were car-maker Peugeot down FFr 18 to FFr 1,082 construction group Bouygues down FFr 6 at FFr 1,269 and store group Printemps whose shares will be traded continuously from September 23, down FFr 26 at

Milan ended marginally firmer against the trend but well back from the day's highs.

Fiat continued to rally, adding L780 to L15,800 on hopes of higher first-half results due next week and its rival bid for Alfa Romeo.

Elsewhere Olivetti was L50 down at L17,400 while Generali added L1,600 to L166,000.
Stockholm where the discount rate

has been cut to its lowest level in seven years, retreated with many institutions absent from the market. Oslo was again taken lower by uncertainty over oil prices and domestic factors and Madrid edged higher in light trading.

LONDON

INTERNATIONALS were the first to benefit in London from the weaker pound yesterday although late uncertainty over interest rates cut the advance. The FT Ordinary index finished 4.4 up, at 1,279.6 while the FT-SE 100, up 14 points by 3pm, closed only 3.8 higher at 1.614.2

NatWest added 6p to 540p in response to its US moves while Allied Lyons phinged 17p to 316p after the dropping of the Elders bid for the group. Other features included a 8p rise to 443p and a 10p advance for Glaxo to 980p in active trad-

The gilt market was perturbed by the ailing pound and longs plunged by up to 2 full points before steadying and shorts suffered falls of nearly a point.

Chief price changes, Page 47, Details, Page 46; Share information service, Pages 44-45

AUSTRALIA

BANKS stayed at the centre of attention in Sydney as further rate fears com-bined with the unease from Asian and

US markets. The All Ordinaries index closed 15.6 down at 1,199.2. National turnover was 103m shares compared with Wednesday's 121m.

National Australia dropped 24 cents to A\$5.10 making for a two-day fall of 38 cents. ANZ lost a further 11 cents to A\$4.95 while Westpac surrendered 10 cents to A\$4.45 in heavy turnover of 700,000 shares.

HONG KONG

SPORADIC bargain hunting and bullish sentiment on the domestic economy boosted Hong Kong slightly and took the Hang Seng index 3.83 higher to

The revision, by Financial Secretary Piers Jacobs, of the government's 1986 economic growth forecast to 5.6 per cent from 4.5 per cent underpinned the firm-

SINGAPORE

STEADY bargain-hunting and short-covering pushed prices higher in Singa-pore and boosted the Straits Times industrial index 5.63 to 823.18. Turnover jumped to 17.3m shares from Wednes-day's 12.3m.

GAF, most active with 5.8m shares traded, finished 10 cents higher at S\$1.13 after an early block trade of 5.6m shares at S\$1.05.

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markets.

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O Bonus before 28.10.86	I wish to invest: Sterling Investors (Minimum £1000 per fund) Prudential International Growth Light Sterling Investors (Minimum £1000 per fund)	Dollar Investors (Minimum US\$2500 per Fund) Prudential International Dollar US\$
	ed Fund First Names	Prudential International Bond Fund USS Dividends from this Fund received half-rearly (tick if required)
Address	Signa (U mos	tureCountryturetapplicants) see than one applicant, all parties must sign. Maximum 4 applicants) FT18 9



rices will be quoted daily in the Financial Times and the South China Morning Post after October 25th. An initial charge of 5% is included in the offer price and there is also named management charge of 1%. Income on all the funds except Prodential International Bond Fund will not be distributed. The estimated gross yield for the Prodential International Growth Fund is 2%, Prodential International Sterling Balanced Fund 4%, Prodential International Bond Fund 6%. Estimated gross yield is calculated before expenses. Trustees are The Bank of Bernauda (Cuernses) Limited, Bernauda House, St. Julian's Avenue, St. Peter Part, Cuernses, Channel Islands. This offer is not open to residents of the UK, the Ballwork of Guernses and other jurisdictions where such an offer would be unlawful.

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